

not like, so I have cut those out. Outside of that, I would like to have the address printed in the *RECORD* in 8-point type.

Mr. HARRISON. Does not the Senator want to have it read?

Mr. JONES of Washington. I would be glad to have it read.

Mr. HARRISON. Would not the Senator like to have it read on Monday instead of this afternoon?

Mr. JONES of Washington. No.

There being no objection, the address was ordered to be printed in the *RECORD* in 8-point type, as follows:

SPEECH MADE BY MAYOR JAMES M. CURLEY BEFORE THE NEW ENGLAND TRAFFIC CLUB AT THE COPLEY PLAZA, BOSTON, FEBRUARY 13, 1923.

Gentlemen, it is of course a trite saying, and yet one that can not be too often repeated, that the transportation problems of the world are the same everywhere; and stripped of all their fine phrases are merely a question of distributing commodities and connecting communities, with speed, safety, and efficiency, to the end that commerce may flow with freedom and security, industry function profitably and uninterruptedly, work and wages be constant, agriculture prosperous, and the peoples of the earth contented and peaceful. Transportation is the link that binds the uttermost ends of the earth together, the most potent factor in the maintenance and growth of civilization, and which, by bringing men together to exchange the products of their industry and the children of their brain, fosters confidence and promotes fraternity.

In proportion as transportation is hampered on land or sea by the folly, stupidity, craft, or indifference of men, as visualized in the enactment of unwise laws and the failure to enact wise ones, the benefits it should yield are stifled and deferred. Every needless burden laid on transportation is written eventually in terms of sterility and futility in the life of this country and the daily experiences of its people.

With all its alleged defects the land transportation system of America—our continental railroad system—is admittedly the best in the world, but where the rails end on the shores of the continent and transportation on the seas begin the American people are at their weakest and worst.

It is of our ocean transportation, our merchant marine, as the essential and imperative supplement of our railroad system I wish to speak to-night, the vital importance of which to our real national life and prosperity is not fully understood even here on the margin of that ocean, out of which came the wealth that made Massachusetts great in industry and commerce, and amid whose toils and dangers were fashioned the character and courage that made the men who stamped their names on American history and carried the fame of the Commonwealth to the ends of the earth.

The American merchant marine—American ships, under the American flag, carrying American goods to alien markets and bringing home to us the commodities we need in American industry—is a national necessity and not a commercial luxury; it constitutes not only a second line of defense behind our Navy for the safeguarding of our national security and integrity, but it is the first line of protection for the maintenance of our foreign commerce which takes care of our industrial surplus and insures the constancy and prosperity of our home market.

The merchant marine—the ships—that carry a nation's commerce, dominates the markets it serves; the nation whose commerce is carried to alien markets in alien ships is at the mercy of the carrier, and by the sheer logic of that fact must sink commercially to a subordinate place.

The American merchant marine is the natural and national extension of the American railroad system; it should and must be fostered and protected by the American Government for the benefit of the Nation, since it serves intimately and vitally all the people of America. The people of the agricultural West have been misled by the clever and persistent propaganda maintained and disseminated by the alien shipping interests whose headquarters are in Washington, and have been insidiously taught that the merchant marine is merely a selfish concern of American shipowners. This alien shipping organization—rich, powerful, and sleepless—maintains a lobby in the National Capital, whose agents and spokesmen oppose every effort to foster the American merchant marine, who appear boldly and insolently in committee rooms and have been able to delude Senators and Congressmen into enlisting under foreign flags to destroy the commerce and ships of America.

It is time to rouse ourselves before America is reduced to a condition of commercial slavery by the combination of unscrupulous foreign shipping concerns. The agricultural interests of the West are seeking to remove the multitude of middle-

men and parasites that stand between the farmer who raises the food of America and the workers who buy it and consume it; and yet he has been educated by foreign propagandists to oppose his own merchant marine and pay hundreds of millions of dollars every year to alien mercantile middlemen, who carry out of the country this money that should be kept at home to keep the wheels of industry turning and the American farmer's home market prosperous.

Treachery to American integrity, American prosperity, and American national interests did not become a lost art when Benedict Arnold took service in England's forces. It is still with us under other names and in new disguises.

In order to compete with the underpaid, cheaply conditioned, and heavily subsidized merchant marines of England, Japan, and other foreign countries and enable us to keep the American flag afloat on the seven seas, America must help the American merchant marine to meet their competitors by special laws and subsidies from the Treasury. Is there anything new or strange in an appropriation called a ship subsidy? There is not. We subsidize agriculture and education; we spend vast sums for irrigation in the arid West; we subsidize reclamation works all over the country; we impose protective tariff bills to protect industry and labor; and only yesterday we appropriated \$49,000,000 to make our rivers and harbors safe for commerce and its fleets; and yet we have American Senators and Congressmen who oppose or hesitate to vote to keep alive and strong an American merchant marine to carry American commerce, market our surplus products, and keep busy and prosperous American industry and labor and maintain a profitable domestic market for American agriculturists, stock raisers, foresters, fishers, and miners.

Is there anyone who has the hardihood to say that the \$49,000,000 of the river and harbor bill are to be spent for the safety and convenience only of the foreign ships that come to our waters and seek to destroy our merchant marine? Let him answer.

The maintenance and prosperity of the American merchant marine is not a party question; it is not a Democratic or Republican policy solely; it is a national, an American question, that concerns every vital interest of this great Republic that is of prime importance not only to Massachusetts and the States on the seaboard, but is of equal interest to all the Commonwealths that make up this United States.

It is for us to let our representatives in Washington understand that there must be no wavering, no dodging, no fence climbing on this great question and that they must make up their minds now whether they will stand resolutely and without equivocation for American interests and the American merchant marine or give their services to destroy those American utilities and go over to the flags of England, Japan, and other rivals.

They stand on the banks of the political Rubicon. Across its waters lie American honor and interest; to hesitate to cross is to enlist themselves under alien flags and retire to dishonor and obscurity. They can not stand still; they must act.

ADJOURNMENT.

Mr. JONES of Washington. Pursuant to the order already made, I move that the Senate adjourn.

The motion was agreed to; and (at 5 o'clock and 50 minutes p. m.) the Senate adjourned, the adjournment being, under the order previously entered, until Monday, February 19, 1923, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES.

SATURDAY, February 17, 1923.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, our needs cry unto Thee; let Thy mercy and wisdom respond. Thy kingdom of love extends unto all men, and may we fear Thee less and serve Thee better. The Lord is sovereign and all things work together for good to them who love Thee. We are impressed with a solemn, yet wonderful, responsibility. In bearing it give understanding and poise to every phase of conduct and character. May our powers and privileges be held as sacred trusts for Thy glory, for the good of our country, and for the high interests of humanity. Bless all with a quiet heart in relation to the things that are and to the things that shall be hereafter. Amen.

The Journal of the proceedings of yesterday was read and approved.

S. 2023, DEFINING THE CROP FAILURE, ETC.

Mr. TINCHER. Mr. Speaker, I call up the Senate Concurrent Resolution No. 40.

The SPEAKER. Will the gentleman from Minnesota give way? The Chair understands he has a conference report.

Mr. ANDERSON. I will yield for a moment.

The SPEAKER. Of course, the conference report has the right of way.

The gentleman from Kansas calls up the concurrent resolution, which the Clerk will report.

The Clerk read as follows:

Resolved by the Senate (the House of Representatives concurring), That the action of the Speaker of the House of Representatives and of the President of the Senate in signing the enrolled bill (S. 2023) defining the crop failure in the production of wheat, rye, or oats by those who borrowed money from the Government of the United States for the purchase of wheat, rye, or oats for seed, and for other purposes, be rescinded and that the Secretary be authorized and directed to reenroll the bill with the following amendments:

On page 1, line 6, after the words "United States," insert "in the years 1918 and 1919."

Amend the title so as to read: "An act defining the crop failure in the production of wheat, rye, or oats by those who borrowed money from the Government of the United States in the years 1918 and 1919 for the purchase of wheat, rye, or oats for seed, and for other purposes."

The SPEAKER. Is there objection to the present consideration of this resolution?

Mr. ANDERSON. Mr. Speaker, reserving the right to object, I understand that this is for the purpose of making it clear that this does not apply to the loans of 1921 and 1922?

Mr. TINCHER. That is exactly right. They were made by different departments of the Government, handled in different departments of the Government.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

The question was taken, and the concurrent resolution was agreed to.

Mr. BEGG. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count. Evidently there is no quorum—

Mr. BEGG. I will withdraw the point for the time being—all right, go ahead.

Mr. CAMPBELL of Kansas. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

Ansorge	Focht	Leatherwood	Rossdale
Anthony	Free	Lee, N. Y.	Rucker
Arentz	Gallivan	Little	Ryan
Atkeson	Garner	Lubring	Schall
Bacharach	Goodykoontz	McClintic	Scott, Mich.
Blakeney	Gould	McLaughlin, Pa.	Scott, Tenn.
Bland, Ind.	Graham, Pa.	McSwain	Shelton
Bond	Griffin	Mead	Siegel
Bowers	Hawes	Michaelson	Sisson
Box	Hays	Mills	Siemp
Brand	Henry	Montague	Smith, Mich.
Brennan	Herrick	Morin	Smithwick
Brooks, Ill.	Himes	Mott	Stiness
Brooks, Pa.	Hogan	Mudd	Stoll
Burdick	Hutchinson	Newton, Minn.	Strong, Pa.
Burton	Ireland	Nolan	Sullivan
Butler	Johnson, Ky.	O'Brien	Sweet
Cable	Johnson, Miss.	O'Connor	Tague
Carew	Johnson, S. Dak.	Olpp	Taylor, N. J.
Chandler, N. Y.	Jones, Pa.	Overstreet	Taylor, Tenn.
Chandler, Okla.	Kahn	Park, Ga.	Thomas
Clark, Fla.	Keller	Parks, Ark.	Thorpe
Classon	Kelley, Mich.	Patterson, Mo.	Tinkham
Clouse	Kelly, Pa.	Periman	Upshaw
Connolly, Pa.	Kendall	Petersen	Vestal
Copley	Kennedy	Porter	Voigt
Crowther	Kless	Rainey, Ala.	Volk
Cullen	Kindred	Rayburn	Ward, N. Y.
Davis, Minn.	King	Reber	Webster
Dominick	Kirkpatrick	Reed, W. Va.	Williams, Tex.
Drane	Kitchin	Riddick	Winslow
Dyer	Klecza	Riordan	Wood, Ind.
Echols	Kline, N. Y.	Robison	Woodyard
Edmonds	Knight	Rodenberg	Yates
Faust	Kreider	Rose	Zihlman
Fess	Langley	Rosenbloom	

The SPEAKER. Two hundred and eighty-four Members have answered to their names; a quorum is present.

Mr. MONDELL. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

REFERENCE OF A BILL.

Mr. McKENZIE. Mr. Speaker, the bill (H. R. 14306) introduced by the gentleman from Texas [Mr. WURZBACH] deals with legislation over which the Committee on Military Affairs has no jurisdiction under the rule. I ask, therefore, that the bill be referred to the proper committee.

* The SPEAKER. The Chair will state the Chair thinks the question is debatable, but the Chair is not unwilling to have it referred. Is there objection? [After a pause.] The Chair hears none.

CONFERENCE REPORT—AGRICULTURAL APPROPRIATION BILL.

Mr. ANDERSON. Mr. Speaker, I call up the conference report on the bill making appropriations for the Department of Agriculture.

The SPEAKER. The Clerk will report the conference report.

The conference report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate numbered 33 to the bill (H. R. 13481) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1924, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

Amendment numbered 33: That the Senate recede from its disagreement to the amendment of the House to the amendment of the Senate numbered 33 and agree to the same.

SYDNEY ANDERSON,
WALTER W. MAGEE,
EDWARD H. WASON,
J. P. BUCHANAN,
GORDON LEE,

Managers on the part of the House.

CHAS. L. McNARY,
W. L. JONES,
LEE S. OVERMAN,
E. D. SMITH,

Managers on the part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE.

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on amendment No. 33 of the Senate to the bill (H. R. 13481) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1924, and for other purposes, submit the following written statement explaining the effect of the action agreed on by the conference committee and submitted in the accompanying conference report:

The Senate recedes from its disagreement to the amendment of House to Senate amendment No. 33, relating to the appropriation for forest roads and trails, and agrees to the provision adopted by the House on January 26, 1923, which provides an appropriation of \$3,000,000, to be available until expended, and enables the Secretary of Agriculture to enter into contracts and incur obligations up to \$6,500,000, as authorized by the Post Office appropriation act approved June 19, 1922, and further provides that appropriations heretofore and hereafter made shall be considered available for the purpose of discharging obligations created in any State or Territory.

SYDNEY ANDERSON,
WALTER W. MAGEE,
EDWARD H. WASON,
J. P. BUCHANAN,
GORDON LEE,

Managers on the part of the House.

Mr. ANDERSON. Mr. Speaker, this is the final conference report on the agricultural appropriation bill. It covers only one item which remained in disagreement after the consideration was recently had in the House and Senate. That is amendment No. 3, which related to appropriation for forest roads and trails. The Senate adopted an amendment appropriating \$6,500,000 instead of \$3,000,000 appropriated by the House. The House agreed to an amendment reducing the amount to \$3,000,000 and providing that the Secretary of Agriculture should be authorized to make contracts for the total sum of \$6,500,000 for the next fiscal year, and provided further that all sums heretofore appropriated should be available for payment upon any contract when payment upon that contract became due. The Senate conferees have agreed to agree to the House amendment. I move the previous question on the conference report.

The previous question was ordered.

The question was taken, and the conference report was agreed to.

REFERENCE OF A BILL.

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent that the bill H. R. 13492, which was referred to the Committee on Interstate and Foreign Commerce, be rereferred to the Committee on Banking and Currency. I have here a letter from

the chairman of the Committee on Interstate and Foreign Commerce [Mr. WINSLOW], saying he has no objection to the bill being referred to the Committee on Banking and Currency, and his committee feels the bill properly belongs to that committee.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

FEDERAL FARM LOAN ACT.

Mr. CAMPBELL of Kansas. Mr. Speaker, I submit a privileged report from the Committee on Rules.

The SPEAKER. The gentleman from Kansas submits a privileged report from the Committee on Rules, which the Clerk will report:

The Clerk read as follows:

House Resolution 536 (Rept. 1629).

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 14041, a bill to amend sections 3, 4, 9, 12, 15, 21, 22, and 25 of the act of Congress approved July 17, 1916, known as the Federal farm loan act; that there shall be three hours' general debate on said bill, one-half to be controlled by those in favor thereof and one-half by those opposed thereto; that at the conclusion of the general debate the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendments the committee shall rise and report the bill back to the House with amendments, if any; the previous question shall be considered as ordered on the bill and all amendments thereto to final passage, without intervening motion except one motion to recommit.

Mr. CAMPBELL of Kansas. Mr. Speaker, my attention has been called to the fact that the number of the bill has been wrongly stated; that the number of the bill is H. R. 14270.

The SPEAKER. Without objection, that correction will be made.

Mr. BLANTON. Mr. Speaker, we did not hear what it was.

Mr. JONES of Texas. Mr. Speaker, I desire to object.

The SPEAKER. A mistake in the number.

Mr. CAMPBELL of Kansas. I move to amend the rule by inserting "14270" instead of the number as given in the resolution.

Mr. JONES of Texas. Mr. Speaker, I make a point of order on the motion.

Mr. CAMPBELL of Kansas. That was the bill reported by the committee.

Mr. GARRETT of Tennessee. Yes; that was the bill reported by the committee, but I suggest that the gentleman had better ask unanimous consent.

The SPEAKER. The Chair will hear the gentleman from Texas as to its being germane.

Mr. JONES of Texas. I understood the rule was being presented now. This is not the time to offer an amendment to the rule.

The SPEAKER. Why not?

Mr. JONES of Texas. The rule was just being presented.

Mr. CAMPBELL of Kansas. The rule had been read.

Mr. BLANTON. I make the point of order that it is not proper, over an objection, to correct a rule that is brought in here by the Committee on Rules. They are presumed to bring in a correct rule when they bring one in.

The SPEAKER. Does the gentleman make a point of order on the proposed amendment?

Mr. BLANTON. Yes. My point of order is that it must be done by unanimous consent rather than by a motion.

The SPEAKER. The Chair overrules the point of order.

Mr. STAFFORD. This point of order?

The SPEAKER. The Chair thinks there is a point of order that has not been suggested yet.

Mr. STAFFORD. I will not suggest that point of order, but I do not like the practice.

Mr. SANDERS of Indiana. Mr. Speaker, it has frequently been held that the other point of order must be made.

Mr. SNELL. The Speaker has ruled on it.

Mr. BLANTON. I make a point of order against the point of order that the Speaker has in his mind on this proposition. [Laughter.]

Mr. JONES of Texas. Mr. Speaker, I make the point of order that the Committee on Rules did not authorize the offering of this amendment at this time, and that the matter is only privileged by virtue of the action of the Committee on Rules.

The SPEAKER. The Chair thinks that it is not in order to amend a resolution naming one bill by naming another bill. The Chair thinks the same result would be accomplished by striking out the number entirely. Then it would be designated by title.

Mr. CAMPBELL of Kansas. Then, Mr. Speaker, I move to strike out the number of the bill and designate it by the title given in the rule.

The SPEAKER. The gentleman from Kansas moves to strike out the number of the bill and designate it by the title in the rule. The question is on agreeing to that motion.

The question was taken, and the Speaker announced that the "ayes" seemed to have it.

Mr. BEGG. I ask for a division, Mr. Speaker.

The SPEAKER. A division is demanded.

The House divided; and there were—ayes 190, noes 17.

So the motion was agreed to.

The SPEAKER. The gentleman from Kansas [Mr. CAMPBELL] is recognized.

Mr. CAMPBELL of Kansas. Mr. Speaker, so much time having been wasted already on the rule, I will only briefly state that it brings before the House for consideration amendments to the Federal farm loan act that have been considered by the Committee on Banking and Currency and thought to be important for the more effective and beneficial operation of that act.

I yield five minutes to the gentleman from Kentucky [Mr. CANTRILL].

Mr. McARTHUR. Mr. Speaker, will the gentleman yield to me?

Mr. CAMPBELL of Kansas. No; I yield to the gentleman from Kentucky.

Mr. CANTRILL. Mr. Speaker, I have been asked by many Members of the House to print in the Record a statement recently issued by Mr. James C. Stone, of Kentucky, the president of one of the largest and most successful farmers' cooperative associations in the United States. This statement gives a complete history, although it is very brief, of the Burley Tobacco Growers' Association, which has a membership of 77,000 members and this year will do a very successful business of almost \$100,000,000. It has been very successful, and our president has recently summarized the activities of that organization. I have been asked by many Members of the House to print in the Record his recent statement. I ask, Mr. Speaker, the privilege of printing in the Record that statement, and I will also ask the privilege to extend my remarks on the bill now pending before the House.

Mr. Speaker, I am glad that this legislation is before the House, and I am always glad to raise my voice in behalf of any legislation which will be of service to the farmers of the United States.

The fact is now recognized by all that there can be no general prosperity in this Nation unless our farmers are prosperous. Any law passed by Congress which lays additional burdens on the farmers of our land retards the prosperity of our country, and any law which is of help to the farmers quickens all channels of trade and makes toward improvement in all lines of business.

I am glad to have had an opportunity to support the rule in committee making this legislation in order, and trust that the Congress will speedily enact the bill into law.

By proper legislation Congress can in great measure assist the farmers of our Nation and at the same time render a great service to all the people.

Agriculture in the United States is our basic industry, and nearly one-half of our population are directly interested in some branch of farming and live-stock raising. Under present distressing conditions surrounding the American farmer it is highly proper that the American Congress should enact some laws for the especial benefit of agriculture. I do not mean to say that this measure by any means provides all the relief necessary, but it is a little step in the right direction, and by all means let us accept it and ratify it with our votes.

There are other bills pending here which I sincerely hope will become laws during the life of this Congress, and I hope the committees of this House which have those measures in their keeping will soon report them, so we can vote upon them.

Since the World War closed the American farmer has been hit harder by declining prices of his products than any other business man.

The farmers of the South and Middle West have been subjected to cruel and heart-breaking declines in their products. Many of our farm crops during recent years have been sold for less than the cost of production, while at the same time taxes and living expenses have been increasing the burdens of the farmer. This process has almost doubled the mortgage indebtedness of the farmer during the past five years, and Congress must meet this great problem with its best thought and statesmanship or we will suffer a national calamity.

Were it not for the highest order of patriotism and splendid bravery in the face of heavy odds among the farmers of our land, we would to-day be in a deplorable condition. The American farmer never surrenders, but is battling on, hoping always

that his Government will give him a square deal and give him a chance to stand up as a free citizen and not be laid prostrate as a bankrupt despite his hard labor and heavy investment. I am glad that the Congress of the United States is finally learning the lesson, which many of us have preached for many years, that the farmers' welfare means the welfare of the Government itself.

The farmer can not live when he receives only 37 per cent of the sale price of his products; and this is the condition in this Nation to-day.

Our banking system has recently been arranged to meet the needs of manufacture and business, and the farmer has a right to demand that his banking system be arranged to meet his needs. The farmer of necessity must have longer terms of credit than the business man or manufacturer and he is entitled to the same rate of interest. Any Government aid which is given to the manufacturer should also be extended the farmer. The farmer asks no special privilege, but he has a perfect right to demand that he be equalized with other lines of business.

Any legislation which brings about this result should be adopted by the Congress. I would not be understood as saying that the farmer must rely entirely on his Government. On the contrary, the farmer must realize that in the main he controls his own destiny. Unless the American farmer makes the effort to help himself his case is hopeless.

However, the Nation is fortunate in that a way has been found whereby the farmer can help himself, and that is by following the sound business plans which have been developed by the Farmers' Cooperative Association which in recent years have been coming into existence in different parts of the country.

For nearly 20 years I have been active in urging the farmers of the State of Kentucky to organize along cooperative lines in selling their chief cash crop—the tobacco crop. Many years ago I had the honor of being State president of an organization which taught the cooperative plan of selling farm produce. I have seen the idea grow until to-day it is considered safe and sound by the leading bankers and statesmen of our land. I am proud of the fact that I started at the beginning and have kept the faith until the plan has proven successful beyond our fondest hopes.

When the farmers of our Nation learn to organize and stand together in a cooperative selling plan and use the modern business methods in the conduct of their business, then their success is assured and hard times will cease to knock at the door of every farmhouse in the land.

It has been said a million times that the farmer could not be organized, but in Kentucky and elsewhere this statement has been disproved. In Kentucky we have had for several years one of the most successful cooperative farmers' organizations in the history of the world, and I am glad that I had the opportunity to help put it in existence. In fact, I believe the record will show that I made the first call to the farmers of my State to organize, and I am very happy to say that our plans have worked out satisfactorily to our large and prosperous membership. One of the organizations of which I am a member, and only farmers can be members, has a membership of 77,000 members, and this year will do a business of about \$70,000,000. It is the largest business concern in our State. The organization is thoroughly representative and is in absolute control of the farmers themselves. We have splendid and successful men at the head of our business, and peace and prosperity is returning to the old Kentucky home. I will always look back with pleasure to the time and work I gave in assisting to building up this great farmers' organization.

The farmers of Kentucky were fortunate in having the press of the State almost solidly behind them in their effort to organize. Too much praise can not be given to the newspapers of our State and to hundreds of men and women who gave their time and means to building up our cooperative organization. Judge R. W. Bingham, owner of the Courier-Journal and the Louisville Times, gave his full personal support and financial credit and the powerful aid of his newspapers to perfecting the two great cooperative tobacco organizations in Kentucky.

Almost without exception the editors of our papers gave their loyal and splendid support, and the bankers of our Commonwealth stood with us until our organization was completely successful.

I have been asked by several Members of the House to give a history of this organization, so that it may go into the Record as a guide for others who wish to build up similar plans in their States. The president of our organization, Mr. James C. Stone, Lexington, Ky., recently reviewed the business affairs of our cooperative association for the last two years, and I will print in the Record his statement. Mr. Stone has the full confidence

of the people of our State, and his statements can be accepted at their full value. I print his statement with the hope that farmers in other States will follow the example of the Kentucky farmer and join with us in our prosperity:

FIRST OFFICIAL STATEMENT MADE BY PRESIDENT STONE SHOWS MILLIONS BROUGHT INTO BURLEY DISTRICT THROUGH ORGANIZATION OF COOPERATIVE ASSOCIATION.

LEXINGTON, Ky., January 27.—President and General Manager James C. Stone, of the Burley Tobacco Growers' Cooperative Association, in a statement given to the press to-day reviews conditions in the tobacco business for the past two years, says the 1921 crop has brought an average of \$21.98 a hundred, and that warehousing expenses on this has been 89 cents a hundred, and that the organization of the Burley Tobacco Growers' Cooperative Association has been the means of bringing into the burley district from \$45,000,000 to \$50,000,000 more than would have been paid the growers but for the organization of the association.

Mr. Stone urges the growers to recall the conditions existing in the tobacco district two years ago, when the growers were on the verge of violence because of the low price at which their product sold and when they had to accept less than half what it cost them to raise the crop of 1920.

Analyzing the review of the two years Mr. Stone says that the growers received \$11,400,000 more for the crop of 1921 than for that of 1920, in spite of the fact that it was 40,000,000 pounds below the 1920 production. He estimates the 1922 crop at 240,000,000 pounds and the price average as 31 cents a pound and says this will bring into the Burley district \$36,600,000 more than was paid for the 1921 crop.

Besides the 89 cents a hundred which it actually cost to handle the 1921 crop, Mr. Stone says that an additional expenditure of 64 cents a hundred was made for interest, insurance on tobacco, and for the purchase of real estate, the latter, of course, being an investment and not an expense.

In closing his statement Mr. Stone urges all the members of the association to remember that the association belongs to them, and that if they will continue to give it their loyal support, the results which will be obtained in the next five years, not only for the grower member himself but for the "whole business fabric of the entire territory," will be so outstanding and beneficial to everyone that they will be proud to say that they have been a part of an association which has produced such results.

Mr. Stone's statement, which is the first official information in regard to the exact figures on the 1921 crop, as well as the probable average of the 1922 crop, follows:

"For the benefit of our members, as well as the other business interests throughout the Burley territory, I want to call their attention as strongly as I can to the conditions that prevailed just two years ago this month.

"It is not difficult for anyone to recall the unrest and dissatisfaction that prevailed at that time, which in practically all the territory bordered on violence. What was the cause of this? Has anyone forgotten the cause of this condition? It was because the grower of tobacco was not satisfied with the price that his 1920 crop was selling for on the auction markets.

"The farmer owed the merchant, the bank, the doctor, and the lawyer, and his crop of tobacco sold for not one-half of what it cost him to produce it.

"From this distressing condition the leaders in the Burley territory got together in order to work out a plan of relief. Not only to relieve the condition at the time but to prevent its recurrence, if possible.

"From this effort developed the Burley Tobacco Growers' Cooperative Association, which is nothing more than over 80 per cent of the tobacco growers in the Burley district having agreed among themselves to organize and operate their business on an intelligent business basis, and through their own representatives to grade their tobacco and sell it for a price that will give them a fair return on their invested capital and labor.

"The association has now been in operation about one year, and the result of the operation is as follows:

"On December 15, 1922, in order to provide the members of the association a convenient place to deliver their tobacco, we entered into a contract with 124 loose-leaf warehouses throughout the territory to lease these properties for six months at a rental of 8 per cent, based on a fair value of the property, each owner of the property having the right to accept one of three plans of sale to subsidiary corporations of the association, the sales to be consummated and the price of the property to be agreed upon before the 15th of June, 1922. This gave the association immediate possession of the receiving plants.

"In the month of January, 1922, the legislature passed what is known as the Bingham cooperative marketing act. We immediately reincorporated the association under this act in Kentucky. We adopted a uniform system of grading for Burley tobacco, employed 94 graders and instructed these graders as to each grade, and employed managers, clerks, weighmen, and the necessary help for the 94 receiving plants, and actually began to receive tobacco on January 26, 1922.

"We borrowed a sufficient amount of money from the local banks and the larger banks in Louisville, Cincinnati, and Lexington to make an initial advance to the grower upon the delivery of his tobacco of an average of about 8 cents per pound.

"The total number of pounds received by the association in 1922 was approximately 120,000,000 pounds, and of this amount a little over 60,000,000 pounds was sold in winter order, and the balance was redried and sold in October and December, 1922.

"From the proceeds of the sales in winter order we paid back all the money we had borrowed from the banks, and had \$3,500,000 left in cash. By April, 1922, it was deemed absolutely necessary that the association make another distribution to the members, as transplanting time was almost at hand, and the grower needed additional money with which to transplant and grow his 1922 crop. In order to make this distribution in time to be of help to the grower, it had to be paid to him as early in May as possible, and it was decided to give each man in this second distribution the same amount that was paid to him in his initial advance.

"To create a fund with which to meet this payment the cash on hand from the proceeds of the sales was used and the balance borrowed on warehouse receipts on redried tobacco from the War Finance Corporation and the Louisville and Lexington banks.

"In October, 1922, we sold 54,000,000 pounds of redried tobacco; 25,000,000 pounds of this tobacco had to be sampled, and the sampling and delivery of it was done in about 40 days.

"On December 4 the balance of the holdings of the association, amounting to approximately 3,100,000 pounds, were sold. These tobaccos were stored in 30 different locations, and aside from the 25,000 hogheads which had to be sampled it all had to be weighed, shipped, and billed, and the money collected before calculations could be commenced to determine just what each grower was entitled to out of the proceeds.

"When this sale of redried tobacco was made the office force of the association began to work night and day to try to get the final distribution of the 1921 crop in the hands of the members before Christmas, if possible. Owing to the immense amount of work in calculating each grade delivered by each member of the association, it soon developed that it would be impossible to get these checks out by that time. We are now working 18 hours a day with a large force to get these checks out by February 1, and if the work continues to progress as it is now this will be done.

"The following is a résumé of what has been accomplished in the first year's operations:

"More than 80 per cent of the tobacco growers of Kentucky, Indiana, Ohio, West Virginia, and Tennessee have organized an association for the purpose of eliminating the old dumping system of selling their tobacco and to handle their own business in a more intelligent and businesslike way. Receiving plants have been created, an organization built, and 120,000,000 pounds of tobacco received, and all sold within the first year's operation. The average price received for the 120,000,000 pounds received and sold is \$21.98 per 100 pounds, which is an average of \$9.98 more than the growers received on an average for their 1920 crop—the 1920 crop being recognized by tobacco men as a better crop in quality than the 1921 crop was.

"It may be well to analyze this in order to show what it means to the growers over the territory in dollars and cents.

"The 1920 crop amounted to approximately 220,000,000 pounds, and sold for an average of 12 cents, bringing a total amount of \$26,400,000. The 1921 crop, of which the association handled its percentage, amounted to approximately 180,000,000 pounds, and sold for an average, both in the association and out, of around 21 cents, and brought a total of \$37,800,000. The 1922 crop, estimated at approximately 240,000,000 pounds, at 31 cents per pound, will bring a total of \$74,400,000. The increase in dollars of the 1921 crop, a commoner crop than the 1920 crop and much smaller in pounds, over what the 1920 crop brought is approximately \$11,400,000. The increase in dollars of the 1922 crop over the 1921 is \$38,600,000, showing in the first two years' operation of the association that there will be between \$45,000,000 and \$50,000,000 more money distributed among the growers in the Burley section than would have been distributed if the association had not been organized. These are facts that no man can successfully contradict.

"The actual expense incurred by the association in the physical handling of the 1921 crop was 89 cents per 100 pounds, and the deductions for interest, insurance on tobacco, and for the purchase of real property was 64 cents per 100 pounds, the part used for the purchase of property being an investment and not an expense.

"On the 11th of December we began to receive the 1922 crop. Since that time we have sold 120,000,000 to 125,000,000 pounds of the 1922 crop, which is about two-thirds of the amount of tobacco which we expect to receive.

"The delivery of this tobacco is now being made as fast as received, and the prospects are good at this time for the sale of the balance of the association's tobaccos in winter order.

"The association has developed, as everyone predicted, into the largest organization in this part of the country. We realize that this organization is not yet perfect, but the officers and directors are working day and night to develop it into a smooth-running machine, the guiding light being honesty, efficiency, and justice.

"If the members will only realize that the association belongs to them, is their business, and a business that is of such vital importance to them financially and in every other way, and will continue to give it their loyal support and encouragement, the results which will be obtained in the next five years, not only for the grower member himself but for the whole business fabric of the entire territory, will be so outstanding and beneficial to everyone that they will be proud to say they have been a part of an association which has produced these results."

The SPEAKER. The gentleman from Kentucky asks unanimous consent to extend his remarks in the Record for the purpose indicated. Is there objection?

There was no objection.

Mr. CANTRILL. Mr. Speaker, I yield back the balance of my time.

Mr. CAMPBELL of Kansas. Mr. Speaker, I ask for a vote on the resolution.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. McFADDEN. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of a bill to amend sections 3, 4, 9, 12, 15, 21, 22, and 25 of the act of Congress approved July 17, 1916, known as the Federal farm loan act.

The SPEAKER. The gentleman from Pennsylvania moves that the House resolve itself into Committee of the Whole House on the state of the Union to consider a bill to amend sections 3, 4, 9, 12, 15, 21, 22, and 25 of the Federal farm loan act. The question is on agreeing to that motion.

Mr. WINGO. Before that is done, Mr. Speaker, can we not agree upon the question as to who will control that time? The gentleman understands my position. As the bill is reported, I am opposed to it. I hope an amendment will be adopted that will enable me to support it. But without that amendment I am against the bill.

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent that three hours' time be divided equally between the gentleman from Arkansas [Mr. WINGO] and myself.

Mr. YOUNG. There are some Members on this side opposed to this bill. I would like to know how they can get time.

Mr. McFADDEN. It will be perfectly agreeable to me. If the gentleman from Arkansas [Mr. WINGO] can handle on his side those who are opposed to the bill, I shall be glad to yield on this side to those who are opposed to the bill.

Mr. WINGO. Personally I do not care much about controlling the time; but if this arrangement is made, my intention is to try to take care of both sides on this side of the aisle and let the gentleman from Pennsylvania [Mr. McFADDEN] take care of both sides on his side of the aisle. I think that will expedite consideration of the bill.

Mr. McFADDEN. That is agreeable to me, Mr. Speaker. Therefore I ask unanimous consent that the time be divided equally between the gentleman from Arkansas [Mr. WINGO] and myself.

The SPEAKER. The gentleman asks unanimous consent that the time be equally divided, the gentleman from Pennsylvania to control one-half the time and the gentleman from Arkansas [Mr. WINGO] to control one-half the time. Is there objection?

Mr. LANHAM. Is that with the understanding that half the time on each side will be allotted to those who are opposed to the bill?

The SPEAKER. The Chair thinks that ought to be so.

Mr. WINGO. Mr. Speaker, here is the difficulty: Some gentleman do not know just exactly what particular point they will be opposed to. I think I agree with 90 per cent of the gentlemen who if we had a roll call now would vote against the bill; but I think it is possible to cure the bill so as to vote for it. If any other gentleman wants to take the responsibility of controlling the time on this side, he is perfectly welcome to it and I shall be glad to be relieved of the responsibility.

Mr. JONES of Texas. Mr. Speaker, further reserving the right to object, I do not think anyone wants particularly to control the time, but we would like to have an understanding that if these gentlemen control the time, one-half of the time on each side shall be yielded to those who are opposed to the bill. There are a number on this side who are opposed to it, and I understand there are a number on the other side who are opposed to the bill.

Mr. COCKRAN. Mr. Speaker, may I suggest that the time be controlled by the Chair, and that the Chair recognize gentlemen on one side or the other according to his best judgment.

Mr. WINGO. Here is the difficulty. I will be frank with the gentleman. I have made some promises of time, but of course I intend to try to be fair to gentlemen on my side of the House and to give them a fair division of time. I intend to do it the very best I can, but I do not propose to be held up in advance by a promise to give any man time. If he can not trust me to treat him fairly, let him object.

Mr. LANHAM. Will the gentleman yield?

Mr. WINGO. I yield to the gentleman from Texas.

Mr. LANHAM. The rule itself that we have adopted divides the time equally between those in favor of the bill and those opposed to it. It would not be a matter of the gentleman's courtesy. It would be a matter of the action of the House.

Mr. WINGO. The gentleman does not understand me. I intend to be entirely fair, and to conform to the provisions of the rule.

Mr. CAMPBELL of Kansas. Mr. Speaker, I demand the regular order.

Mr. COCKRAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman from Kansas demands the regular order. The Chair under those circumstances can not hear any more suggestions.

Mr. COCKRAN. Can the Chair answer a parliamentary inquiry?

The SPEAKER. Certainly.

Mr. COCKRAN. Will an objection throw the control of the time into the hands of the Chair?

The SPEAKER. It will.

Mr. COCKRAN. Then I object.

The SPEAKER. The gentleman from New York objects. The question is on the motion to go into the Committee of the Whole House on the state of the Union for the consideration of the bill.

The question being taken, the motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 14270) to amend sections 3, 4, 9, 12, 15, 21, 22, and 25 of the act of Congress approved July 17, 1916,

known as the Federal farm loan act, with Mr. McARTHUR in the chair.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent to dispense with the first reading of the bill.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to dispense with the first reading of the bill. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for one hour.

Mr. McFADDEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McFADDEN. I understood that the rule provided for three hours' debate. I understood the Chair to say that I was recognized for one hour.

The CHAIRMAN. The gentleman has one hour.

Mr. WINGO. I thought the rule provided for three hours.

The CHAIRMAN. The rule provides for three hours, to be equally divided; but in the absence of any agreement as to who is to control the time, the Chair recognized the gentleman from Pennsylvania [Mr. McFADDEN] for one hour.

Mr. McFADDEN. Mr. Chairman, this bill provides for important amendments to the Federal farm loan act. It amends in certain particulars some of the vital sections of that act. It amends sections 3, 4, 9, 12, 15, 21, 22, and 25.

In the first place, I am sure you will recall that during the war emergency the United States Treasury was authorized to purchase farm-loan bonds to help out the farm-loan system so that they could come somewhere near meeting the demands for loans from the agricultural sections. When that amendment was enacted a provision was also placed in the law that so long as the Treasury retained any of the bonds so purchased the temporary organization of the Federal farm-loan system should continue, so that under this amendment the Treasury Department would continue the directors who were to handle the affairs of the 12 banks. This bill corrects that situation and provides for an immediate permanent organization which will keep the system, we hope, out of politics or the control of selfish or rival interests, and confer cooperative management between the Government and the stockholders. This bill provides for a definite, permanent organization method by which the directors shall be elected. It gives due consideration to the farm-loan association or borrowers by permitting them to elect a certain number of directors. It also provides that the Federal Farm Loan Board shall appoint certain members. It also provides that the borrowers' association shall submit a list from which the odd member of the board shall be chosen and that he shall be chairman. It provides that at least one member shall be a dirt farmer, so the control of the organization is placed where it properly should be placed.

Now, in addition to that it provides—I do not want to take up too much time of the House because a number of men want to speak upon different phases of the bill—it provides also for agents for the purpose of closing loans in those sections of the country which have not had proper service through the farm loan associations. It has been made known to the Farm Loan Board that certain sections have not been properly served, and so it is given the right to appoint agents to act in closing the loans. That matter is safeguarded by providing for a deposit of the 5 per cent stock for security for the payment of the loan that is now provided under the association plan. It is not my understanding nor the understanding of the committee that that destroys the association. My understanding is that the control, notwithstanding the fact that many people fear and claim that the association will be destroyed under this plan, will be continued, and the new agency plan can be made workable for the relief of the farmers where they have not been properly served.

Mr. BARKLEY. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. BARKLEY. We are all interested in the farm-loan legislation. In view of the short time between now and the adjournment of Congress, I am wondering why the Committee on Banking and Currency has not taken action on a measure passed by the Senate, so that it might be considered here, and with the hope of obtaining legislation, instead of bringing in an independent bill that will have to pass the Senate.

Mr. McFADDEN. I will say that the bill under consideration was in the committee and was being considered by the committee before the Senate had taken any action. The Senate has only recently passed two rural credit bills, and the committee has been diligently considering the subject of rural-credit legislation. The committee has been having hearings right along and working as rapidly as possible on the so-called Capper bill,

and we hope to reach a definite conclusion in the early part of next week. I think the gentleman from Kentucky will be satisfied with the activities of the committee.

Mr. BARKLEY. I trust that Congress will not adjourn until some legislation is enacted. I think it would have been better to have passed the bill that has already passed the Senate than to pass a measure that has to go to the Senate.

Mr. BANKHEAD. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. BANKHEAD. What is the attitude of the well-recognized farm organizations throughout the country as to this bill?

Mr. McFADDEN. Many of the organizations have been before us, and there is a divided opinion. There is some opposition to this measure from farm organizations, but I think the greater portion of the farm organizations, the Federal Farm Loan Board, and, I understand, the Treasury Department are in favor of the bill. I know that there has been a great deal of propaganda about it. There is a great deal of misunderstanding about the bill in that regard, and I might call attention to the fact that the most of the opposition was to the bill as originally introduced. It has been amended in some very important particulars, and I believe the greater portion of the farm organizations, if they could study the bill as it is to-day, would not have the same criticism to make as has been meted out in the past.

Mr. BANKHEAD. We all received this morning a letter from Mr. Lyman, the secretary of the national board of farmers' organizations, and his objection to the bill seems to be as to the new method of electing directors of the Federal land banks. Will the gentleman explain the necessity for this change of the law?

Mr. McFADDEN. I will say in that connection that that subject was given very careful consideration by the committee and the Federal Farm Loan Board. We believe that we have worked out an equal representation on the boards in this bill, and that it will prove so in its operation.

Mr. WATSON. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. WATSON. I notice that you increase the loans from \$10,000 to \$16,000.

Mr. McFADDEN. There is such a provision.

Mr. WATSON. What were the conditions that gave the committee the thought to increase the loans to that amount?

Mr. McFADDEN. I will say to the gentleman that that is the result of the demand of the agricultural sections of the country for an increased size of the loan. It has been pointed out to the committee that in many of the central western States the farms are larger and the price of real estate is higher, and that it is necessary in order to take care of the needs of that large class of farmers residing in that section and farming larger areas than are usually farmed, say, in Pennsylvania, that the size of the loan should be increased.

Mr. WATSON. Is the increase founded upon the assessed value for taxation, or upon the census report?

Mr. McFADDEN. There is no change in the method of valuing the farms under this bill.

Mr. WATSON. I know, but the gentleman states that values have increased. Do you obtain the increased value from assessment for taxation or from the census report?

Mr. McFADDEN. In some of these central western States the value of land has increased to such an extent that the Federal Farm Loan Board has to put a maximum limit upon the amount that they will loan on acreage, regardless of the value of those farm lands. In the State of Iowa the rule is not to loan in excess of \$100 per acre, while the value of the land might be \$400 or \$500 per acre.

The board felt that the system should be safeguarded in that particular. Reverting again to this increase of the loan from \$10,000 to \$16,000, and under certain conditions the bill provides that it shall be increased to \$25,000, but, of course, those must be unusual conditions and must have the approval of the Federal Farm Loan Board. There was some difference of opinion in the committee in regard to this increase of the loan limit on the theory that the money market for this class of securities might by the sale of a vast amount of these bonds be somewhat limited, but as I understand, and I think many Members of the House so understand, in the farm loan act the original idea was for the relief of the poor farmer, to do away with tenant farming, and that it was the duty of Congress to help the little fellow more than to help the wealthy farmer. Because of that idea still predominating, many members of the committee have felt that it might work a hardship on the little farmer by absorbing all of the available money if the big loans were granted.

Mr. McKENZIE. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. McKENZIE. Right on that point, having in mind the State of Illinois and particularly the district in which I live, I favor the increase in the amount of the loan, and in reply to the point raised by the gentleman from Pennsylvania [Mr. McFADDEN] that it was intended to help out the little farmer, in my judgment, if we can take care of the man who needs \$16,000, or even \$25,000, on a valuable farm, and can relieve financial interests of the country to that extent and leave that amount of capital liquid in the local banks to be loaned to the little farmer to put a load of cattle on his farm during the summer time, we will have accomplished a great deal.

Mr. FIELDS. Mr. Chairman, if the gentleman will yield, I would like him to go on with his explanation in regard to the local cooperative borrowing associations. When the first bill was reported or introduced there was a great deal of complaint that that bill would destroy the local cooperative borrowing associations. I understood the gentleman to say that this bill would correct that and I would like to have him explain why.

Mr. McFADDEN. Mr. Chairman, as I said previously, there is no thought in the mind of the chairman, and I think that applies to many members of the committee, to do anything to injure the associations. I do not believe this bill will. If the gentleman refers to the destruction of associations, having in mind the provisions for the election of directors, I will say to him that I do not believe it will destroy the associations. As a matter of fact the very great local interest in associations is greatly relieved the moment that a farmer gets a loan. When he gets his loan closed his interest in the local association is practically nil from that time on, because he has financed himself over a long period of time, and in the manner we have provided for the selection of these directors we believe we have provided for sufficient representation from the borrowers or the associations, and that they will be protected in the representation on the boards as well as they are at the present time being protected. Other gentlemen who are to speak are going to cover that point a little more in particular and I think the gentleman will be entirely satisfied with the explanations given later on.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. BURTNESS. What incentive will there be for the formation of new farm-loan associations if we adopt the provision in the bill for the appointment of individuals who can deal with the new borrower in the future just as well as the association can?

Mr. McFADDEN. My understanding in regard to that question, and we have been assured by the Federal Farm Loan Board to that effect, is that agencies would only be established in those localities that were not being served by associations and I believe the same inducements of associations in the way of borrowers getting together will exist as exists at this time. It may be to the advantage of the farmer to apply to an agency that has been appointed if there is one, if there is no local association to which he can apply.

Mr. BURTNESS. The main inducement for the farmer getting into an association now is the fact that he needs the money, he wants to make a loan, and that is about the only way in which he can get the loan. If there is an agency appointed, and he can deal direct with that agency, he may not want to assume the responsibility of becoming in part at least liable for the loans of the other members of the association. Would he not then naturally simply go to the agent and attempt to get a loan from him rather than to join the association?

Mr. McFADDEN. I think the gentleman is putting up a man of straw. He is anticipating what a farmer may do. My experience with the farmer is that when he wants his money he wants it, and if he can not get it through the organization or association, and there is an agency available, he will go to it. What we are trying to do is to make this system available with the least possible trouble to the farmers of the country, so that their interests can be taken care of.

Mr. BEGG. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. BEGG. It is supposed that there is a double liability back of every one of these bonds issued on mortgage, and the mortgage is supposed to represent 45 or 50 per cent of the value of the land. Is not that right?

Mr. McFADDEN. I would not say a double liability in the sense that the gentleman has pointed out. Every borrower is required—

Mr. BEGG. I do not mean from the borrower, I mean the thing back of the bond that the buying public gets hold of.

There is supposed to be a double security back of that bond, is there not?

Mr. McFADDEN. Well, if the gentleman will let me explain.

Mr. BEGG. I beg the gentleman's pardon, I thought he did not get the question.

Mr. McFADDEN. The plan of the system is that the farmer borrows from the system on a mortgage. In order to get loans he must subscribe to 5 per cent of the amount of the loan from the farm loan system, of its stock, and the Federal land bank holds that stock. My understanding is that there is a double liability of that stock in case the loan is not paid.

Mr. BEGG. Where is the double liability? That is the thing I wanted pointed out.

Mr. McFADDEN. On the stock which the man deposits with the Federal farm loan system under the present plan. Now the Federal land banks—there are 12 of them—get together and issue bonds. This bill strengthens in that particular the liability of the 12 banks, the guaranty upon all of the bonds issued.

Mr. BEGG. Well, I do not want to consume unnecessarily the gentleman's time myself—

Mr. McFADDEN. I think the gentleman before the debate is concluded will have a clear answer, better, perhaps, than I have been able to give at this time. There are plain provisions for the retention of the stock subscription when the loan is acquired through an agency, just the same as the association plan. Mr. Chairman, how much time have I used?

The CHAIRMAN. Eighteen minutes.

Mr. McFADDEN. At the request of W. W. Flannagan, former secretary of the Farm Loan Board, I insert in the RECORD his letter to me under date of February 16, with a statement of a part of the minutes of the Farm Loan Board and a letter from the farm loan commissioner under date of June 30, 1920.

I reserve the remainder of my time.

The letter is as follows:

FLORENCE COURTS, February 16, 1923.

Hon. LOUIS T. McFADDEN,
Chairman House Banking and Currency Committee.

DEAR Mr. McFADDEN: I have seen to-day for the first time the official copy of the hearings by your committee on the Strong bill (H. R. 13125).

On page 270 of said hearings there is a statement made by the farm loan commissioner (Judge Charles E. Lobdell), which, to say the least, is uncalled for and which creates a false impression.

I am asking you in fairness to correct this statement in whatever manner your own sense of justice may dictate, with the knowledge you had of the facts of the case at the time and which this communication now gives you.

The objectionable statement in question is to the effect that the "activities" of Mr. Charles A. Lyman, the secretary of the National Board of Farm Organizations, and myself in opposition to the passage of the Strong bill is due to the severance of my official connection with the Farm Loan Board, which Judge Lobdell terms a "dismissal," and his refusal to "reinstate" me under threats from Mr. Lyman that the influence of his organization would be turned against the Farm Loan Board, as if Mr. Lyman and I are not acting in good faith in our opposition to said bill, but by reason of "hostility" created by my so-called "dismissal."

These are the facts:

1. At the time Mr. Lyman had the interview to which Judge Lobdell refers I had no knowledge thereof, not even an acquaintance with Mr. Lyman; nor did I know of the existence of any such organization as "the National Board of Farm Organizations."

2. With reference to my "dismissal," the Farm Loan Board furnished me at the time of my resignation as secretary thereof an official copy under seal of an extract from the minutes, which is appended hereto.

Yours sincerely,

W. W. FLANNAGAN.

The following is an extract from the minutes of the Federal Farm Loan Board of a meeting held July 9, 1920:

FEDERAL FARM LOAN BOARD,
TREASURY DEPARTMENT,
July 9, 1920.

Resolved, That the resignation of W. W. Flannagan as secretary of the Farm Loan Board, this day filed, be accepted effective August 7, 1920, and that the order of the board made June 2, vacating certain positions, including that of secretary, be modified to conform to this resolution:

That said letter of resignation and the commissioner's reply thereto be spread upon the minutes and made a part of the records; that a certified copy thereof be furnished to Mr. Flannagan, and that copies be mailed to the several land banks.

JUNE 30, 1920.

FEDERAL FARM LOAN BOARD,
Washington, D. C.

GENTLEMEN: Referring to your resolution of June 2, no one can regret more than I do that the suspension of business of the Farm Loan Bureau caused by the delay of the Supreme Court in rendering a decision as to the constitutionality of the farm loan act has in your opinion produced the necessity for economy in the administration to the extent that the salary paid to the secretary of your board must be discontinued.

I have been connected with the rural-credit system from its embryonic state and with great pride have seen it develop into the farm loan act and its benefits already reaped to an immeasurable extent by the agricultural interests of the country under your admin-

istration, with a foundation laid for even yet more permanent and increasing benefits.

To sever my connection is breaking my hearstrings, but I appreciate you have a great public duty to perform and that my personal feelings must not stand in the way of its performance nor embarrass you in the discharge thereof. I therefore tender my resignation as secretary of the Farm Loan Board, to take effect at any day named by you.

I beg to thank each of you personally for the kindly consideration you have always extended to me, and to assure you that it will always be my endeavor and pleasure to further the work in which I have been privileged to join with you.

Yours sincerely,

W. W. FLANNAGAN.

JUNE 30, 1920.

Mr. W. W. FLANNAGAN,
Washington, D. C.

DEAR MR. FLANNAGAN: I beg to assure you that each member of the Farm Loan Board fully appreciates, and, so far as they are personal, fully reciprocates the fine sentiment expressed in your letter of this date.

Upon the organization of the Farm Loan Board your familiarity with the farm loan act, and the active interest you had taken in formulating it, suggested the practical wisdom of availing ourselves of your services in the organization of the system. The board accordingly created the position of secretary and tendered the same to you. You accepted with fine spirit, although it was not the recognition you had been led to expect, and might properly have received, and entered upon the duties of that office with zeal. You became at once not only secretary but a valued counselor to the board on the details of the law, and I am sure each of the then members of the board would concur in the acknowledgement, which I am glad to make, of special obligation for that service. In addition, your high sense of honor, genuineness of character, and devotion to duty have won for you the unqualified personal esteem of each of us.

The work of organization, you then so willingly undertook, is in the judgment of the board substantially finished and the services of a secretary are not at this time necessary to the conduct of the business of the board. Your task in this connection seems finished; but the services you have rendered the system, and through it the agricultural interests of the country, and thereby the whole country, will permanently endure to your credit. We are sure your busy mind will find still further constructive work to do which will be done, as has your work with the farm-loan system, not for compensation but for the sake of doing.

We are glad to be assured of your continued cooperation and friendly interest, and shall always be glad of counsel and suggestions from you, and please be assured that you have always our high personal esteem and genuine personal friendship.

Very sincerely yours,

CHARLES E. LOBDELL,
Farm Loan Commissioner.

I, Charles E. Lobdell, farm loan commissioner, do hereby certify that the foregoing is a correct transcript from the minutes of the Federal Farm Loan Board, and in testimony thereof I have affixed my signature as farm loan commissioner and caused the official seal of said board to be attached hereto, the same being attested by the signature of the assistant secretary of said board this 9th day of July, 1920.

CHAS. E. LOBDELL,
Farm Loan Commissioner.

Attest:

JAMES B. MORMAN,
Assistant Secretary.

Mr. WINGO. Mr. Chairman, I will yield 10 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. JONES of Texas. Mr. Chairman, in reference to the control of the time, of course the rule requires half to be yielded to those opposed to the bill. I understood Mr. WINGO, in reference to being opposed to the bill, wanted it understood he was opposed to the bill.

Mr. WINGO. I made my statement to the House as to my position. I tried to reach an agreement by which I could control an hour and a half for the Democratic side. But that was objected to, so that as a result the Republicans will have two hours and I will control only one. I have yielded 10 minutes to the gentleman from Maryland.

Mr. JONES of Texas. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JONES of Texas. I think I have a right to state it has been told me—

Mr. WINGO. Mr. Chairman, I make the point of order that a parliamentary inquiry can not interrupt the gentleman who has the floor.

Mr. JONES of Texas. I raise the point of order and propound a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JONES of Texas. Mr. Chairman, the gentleman from Arkansas made a statement that he was opposed, unless an amendment was adopted. I understand the committee agreed to adopt that amendment, and there is no opposition to the amendment, and I do not believe the gentleman has the right to control the time by simply going under the guise of being opposed to the bill.

Mr. WINGO. I am not going under any guise, and the gentleman can not make any such statement.

Mr. BANKHEAD. Mr. Chairman, I demand the regular order.

The CHAIRMAN. The regular order is demanded. The Chair recognizes the gentleman from Maryland for 10 minutes.

Mr. GOLDSBOROUGH. Gentlemen of the committee, I regret because of the limited time I shall have to hurry, and it will be necessary for me—

Mr. JONES of Texas. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. JONES of Texas. May I make a suggestion?

The CHAIRMAN. Does the gentleman from Maryland yield?

Mr. GOLDSBOROUGH. I will yield.

Mr. JONES of Texas. Mr. Chairman, I do not know in just what form my language may have been couched awhile ago, but I wish to make a statement—

Mr. STEAGALL. Mr. Chairman, I have no objection to the gentleman making a statement, but I suggest in all fairness it should not be taken out of the time of the gentleman who has the floor. This is a matter that should stand by itself.

The CHAIRMAN. The gentleman has yielded to the gentleman to make a statement.

Mr. JONES of Texas. Mr. Chairman, as I started to say, I do not know in just what form my language may have been couched and I had not intended a reflection upon the motives of anyone, and if I used such language I desire to have that language withdrawn, if I may get consent to do so. I want to make this statement in connection, that when the question of the division of time arose there was some controversy before the House went into the committee as to how the time should be divided. I was perfectly willing that the time should be divided one-half to those in favor and one-half to those opposed. The suggestion came to me from somewhere that there was an amendment which the committee had practically agreed to adopt, and that was the gentleman's objection to the bill; and in that I was probably mistaken, and I am perfectly willing to withdraw any statement that may bear the inference that he is not in good faith opposed to the bill. I thought I ought to make that statement, because my language may have been subject to being misconstrued.

Mr. STEVENSON. Mr. Chairman, if the gentleman will yield, I am a member of the committee, and we are agreed over here that those opposed to the bill shall have their fair share of the time that is accorded to this side of the House, and Mr. WINGO had arranged that somebody should be next recognized, and I regret the occurrence that has occurred, and I think the gentleman's withdrawal is proper.

Mr. JONES of Texas. I desire to withdraw any remarks that might be considered as a reflection on anyone. [Applause.]

The CHAIRMAN. Is there objection to the request of the gentleman from Texas [Mr. JONES] that he be permitted to withdraw his remarks from the RECORD? [After a pause.] The Chair hears none.

Mr. GOLDSBOROUGH. Mr. Chairman, how much time have I?

The CHAIRMAN. The gentleman has 10 minutes.

Mr. GOLDSBOROUGH. Mr. Chairman and gentlemen of the committee, due to the limited time for debate on this bill and the fact that there is a certain statement that I want to make, I shall ask not to be interrupted.

Mr. Chairman, the bill before the committee is the result of extended hearings and careful analysis on the part of the Committee on Banking and Currency, and while the bill as presented to the House with committee amendments is the result of much mutual concession within the committee we believe it is a bill covering the subject which will receive substantially the widest approval of the American people, both in numbers and scope of territory. While the bill changes administrative features of the law, we believe that these are matters which can be adjusted from time to time as public policy dictates. The modifications of the loan limit is a matter which in my opinion demands from the House the most serious consideration. Feeling as I do that the committee did as well as it could under all the circumstances I am in favor of the bill as reported with committee amendments and will now ask the attention of the Committee of the Whole House to a somewhat collateral consideration, which seems to me most important and can well demand the closest consideration by every Member of the National Congress.

On February 1, addressing the Committee of the Whole on the bill from the Banking and Currency Committee limiting expenditures in the construction of Federal reserve bank buildings, the distinguished gentleman from Illinois [Mr. MADDEN] in referring to the Federal reserve banks, spoke as follows:

Every time the banks show an excess amount of earnings they should be compelled to reduce the rediscount rate so as to keep their earnings in reason and thereby give to the borrowing public of the country an opportunity to get money at cheaper rates than they have been able to get it.

As a matter of fact, Federal reserve banks are only allowed to retain 6 per cent of their earnings for themselves, the remainder going back to the people through the Federal Treasury, but the point I wish to make is that the immoderate use of the rediscount facilities of the Federal reserve system is the thing which has caused the speculation, the inflation, the deflation, the economic unrest, the drop in the price of farm products, and the general suffering of the last few years.

Due to the increase in the gold supply from the gold discovered in Alaska, in the Klondike, and South Africa our bulk of money and available credit expanded from 1896 until 1914, and the primary purpose of the Federal reserve act was not to make available more credit but to prevent the contraction of credit and the artificial causing of depression and panics by large financial interests. The Federal reserve act legislation was passed, of course, at exactly the right time because without its machinery we could never have financed the war, and the public and private burden of debt is, of course, too great to justify our going back to the old system even if it were desirable for any reason, but there is grave danger of the primary function of the Federal reserve system being lost sight of and of its being made the means of a most unwholesome credit situation.

There are inserted in this speech as a part of it certain figures which can easily be verified and which I believe can be profitably studied by every Member of Congress and which are as follows:

Summary table.

[In thousands of dollars on June 30. Annual index numbers, 1913=100.]

Years.	Money in circulation.	Individual deposits in all commercial banks.	Physical production.	Wholesale prices.
1917.....	3,873,997	21,867,219	120.7	177
1918.....	4,367,045	23,386,377	118.0	194
1920.....	5,380,853	32,496,718	118.7	226
1922.....	4,375,556	31,414,812	112.3	149

Total stock of money and gold in the United States, total money and gold in circulation.
[In thousands of dollars.]

	Total stock of money.	Gold stock.	Total money in circulation.	Gold in circulation. ¹
June 30—				
1914.....	3,738,599	1,890,657	(1)	(2)
1917.....	5,408,549	3,019,147	3,873,997	1,615,413
1918.....	6,741,532	3,075,789	4,367,045	990,718
1920.....	7,887,182	2,687,513	5,380,853	675,545
1922.....	8,178,602	3,785,521	4,375,556	590,468

¹ Amounts held outside the United States Treasury and the Federal reserve banks.

² Comparable data not available.

Loans and discounts, investments, and individual deposits of all reporting banks in the United States, except mutual savings banks.
[In thousands of dollars.]

	Number of banks.	Loans and discounts.	Bonds, stocks, and other securities.	Individual deposits.
June, 1914.....	26,131	13,164,435	3,729,448	14,602,107
1917.....	27,301	18,225,827	5,872,132	21,867,219
1918.....	28,255	20,199,859	7,567,831	23,386,377
1920.....	29,519	28,664,668	8,671,243	32,496,718
1922.....	29,770	24,859,018	9,540,274	31,414,812

¹ Preliminary figures.

Total cash reserves and excess reserves ("free gold") of the Federal reserve banks and ratio of cash reserves of Federal reserve banks to individual deposits of all commercial banks in the United States.
[In thousands of dollars.]

	Cash reserves of Federal reserve banks.	Free gold of Federal reserve banks. ¹	Reserve percentage.	Per cent of cash reserves of Federal reserve banks to individual deposits of all commercial banks.
June, 1917.....	1,334,352	680,221	75.4	6.1
1918.....	2,006,199	781,876	61.7	8.6
1920.....	2,103,284	250,965	43.4	6.47
1922.....	3,144,542	1,624,192	77.9	10.0

¹ Amount held by Federal reserve banks in excess of required reserves.

Prices and production.

	Annual average prices.	Physical volume of production.		
		Industrial.	Agricultural.	Combined.
1913.....	100	100	100	100
1917.....	177	121.2	120.0	120.7
1918.....	194	117.8	118.3	118.0
1920.....	226	114.0	124.4	118.7
1922 (year).....	149	106.5	119.4	112.3
Fourth quarter.....	155	121.8	119.4	120.7

¹ Figure for year 1922.

I am only going to refer to a very few of them at this time. In 1914 the reporting banks of this country had loans and discounts aggregating \$13,164,435,000. They owned bonds, stocks, and other securities amounting to \$3,729,448,000. In 1922 the figures were: Loans and discounts, \$24,859,018,000; stocks, bonds, and other securities, \$9,540,274,000, whereas the physical volume of production was only 12.3 per cent greater in 1922 than in 1914. We find the wholesale price index for 1922 49 per cent higher than in 1914, and it has since gone up about 13 per cent. We find Federal reserve notes in circulation as of February 14 amounting to \$2,243,603,000 and the reserve at 75 per cent.

There are various bills in the process of enactment through the Congress, the merit of any one of which I am not here and now discussing either favorably or unfavorably, which, if enacted into legislation, frankly contemplate immense additional credit structures, all to be ultimately supported by the Federal reserve system. If the present resources of the reserve system are allowed to be fully extended with our present immense supply of gold, the general price level of 1920, 126 per cent higher than the price level of 1914, will be exceeded, and this is exactly what will happen within the next four years unless there is some Federal legislation to stabilize the purchasing power of money. The Federal Reserve Board can not control the situation. The power of the Federal Reserve Board is defined by subsection D of section 14 of the Federal reserve act, which subsection gives to the Federal Reserve Board the final authority over rediscount rates to be charged by the Federal reserve banks—

which shall be fixed with a view of accommodating commerce and business and which, subject to the approval, review, and determination of the Federal Reserve Board, may be graduated or progressed on the basis of the amount of the advances and discount accommodations extended by the Federal reserve bank to the borrowing bank.

Under this section no board would have the hardihood nor, in my judgment, the legal right to interpret this section so as to regulate rediscount rates with a view to perpetuating substantial stability in the general price level, and the very least, it seems to me, that the Congress should do would be to amend subsection D by placing the word "agriculture" before the word "commerce," and, after the word "business," add the words "with a view of moderating fluctuations in the general price level." If some affirmative authority of this kind is not given the board it must ultimately give way to clamor for credit, first from one source and then another, and culminate in a situation worse than the collapse of 1921 and 1922.

My friends, few of us realize the awful possibilities for good or evil of a colossal credit structure like the Federal reserve system. Credit beyond the legitimate needs of business expansion breeds inflation in general price levels; inflation in general price levels appears to justify another margin for credit; when further credit is extended the inflation in general price levels which follows furnishes a new basis for credit, until the whole structure falls in on itself.

This system must be supported by some sort of legislation to stabilize the purchasing power of money. The House Committee on Banking and Currency have just completed some very interesting hearings on a bill introduced for the purpose of securing this very stability. It is not my purpose here and now to discuss the merits of that bill, but I believe that every Member of Congress upon a reading of the hearings will be convinced of the necessity of prompt legislation which will place our immense credit structure under such measure of control as to prevent inflation and its consequent following period of speculation, deflation, and collapse, so that we will have a democracy indeed in finance, where every man, be he farmer, business man, banker, or laboring man, can have the credit he needs in order to carry on and to extend the scope of his usefulness in a conservative and wise manner as well for himself as for the public at large; but where, also, the machinery of credit will be so adjusted as to sound its own warning when a period of healthy expansion is

being passed and a period of overproduction and speculation being reached.

What the farmer buys is costing him now around 76 per cent more than it did in 1914, whereas the price of what he had to sell during his selling period in 1922 was less than in 1914, although now the price level of farm products has risen to about 25 per cent more than it was in 1914. Stabilization of the general price level will very rapidly bring the price of farm products up to a point of yielding a wholesome and satisfactory profit, but another period of inflation and collapse will only increase the burden of debt under which the farmer is struggling. As for the man or woman with the average income, and the wage earner, a period of inflation, during which the dollars they receive will constantly buy less and less, is a period of acute suffering and a grave type of economic and social evil. Let us act now before the lessons of the last three years are entirely forgotten.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. McFADDEN. Mr. Chairman, I yield 20 minutes to the gentleman from Kansas [Mr. STRONG].

The CHAIRMAN. The gentleman from Kansas is recognized for 20 minutes.

Mr. STRONG of Kansas. Mr. Chairman and gentlemen of the committee, I think I ought to speak first of the propaganda that has been sent broadcast over the country and that is being sent to the Members of Congress against this bill. I think the Members of Congress and the farmers of the country are entitled to know the motives behind this propaganda.

I am a representative of an agricultural district. I am also the owner of a farm, and a member of a farm-loan association. I have never lived in a town of over 2,000 population in my life and have always been interested in the problems of agriculture. I have had some experience regarding the opportunity of the farmer to get loans under this farm-loan system, and I thought when I came to Congress that I would try to improve it.

Three years ago I introduced a bill to appoint agents where the farm-loan associations were not functioning, or where there were no farm-loan associations, so that all farmers could be reached and served. I immediately met with opposition from Mr. Flannigan and Mr. Lyman, who have been associated together in putting out the propaganda against this bill. I thought they were working for agricultural interests, but I have come to learn that they are working the farmers in their own selfish interests; but it has become apparent that some legislation should be passed amending the farm-loan system.

This Federal farm-loan system was built around the report of a commission that was sent to Europe to investigate rural-credit systems, and we followed largely the systems that were in force in Europe; but now, after five years' experience of our own, we have found that our system needs some amendments.

The original act provided that the 12 farm-loan banks should each issue their own bonds. That was very successful in Europe where the bond buyers are distributed throughout the entire country and surround the banks. But in this country the bond buyers are situated mostly east of Lake Erie, and when the 12 farm-loan banks came to such market they found themselves in competition with each other, and so without any authority of law, under the act at least, they joined together and asked the Farm Loan Board to sell their bonds. And they have so sold them, very successfully. We want now to provide by law for a central bond-selling agency to sell these bonds.

There is another provision that we might as well be frank about. One of the Eastern States has passed a law giving the bonds of their banks preference in their trust companies, thus putting their bonds at a premium. If that thing is allowed to continue, the banks located in the great money centers will have laws passed favoring their banks, and the farm-loan banks in the local territory where they most need farm loans will have their bonds go at a discount and make them hard to sell.

Mr. BEGG. Mr. Chairman, will the gentleman yield right there for a question?

Mr. STRONG of Kansas. I will be very glad to.

Mr. BEGG. If this particular bonding feature becomes a law, can a bank in South Carolina and a bank in Ohio and one in Kansas pool their interests and put out a million-dollar bond issue that is apparently backed by the Federal Farm Loan Board, so that when I buy a bond I will not know whether my bond is secured by land in South Carolina or in Ohio or in Kansas? Is that correct?

Mr. STRONG of Kansas. No; and if you had read the entire act you would know that could not be done.

Mr. BEGG. I have read it several times, and that can be done.

Mr. STRONG of Kansas. You are mistaken; it can not be done.

Mr. BEGG. It certainly can, and anyone who has read the bill knows that it can be done.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. STEVENSON. Every farm-loan bank in the United States and every borrower is back of every farm-loan bond issued now, but they are made on the face the joint and several bonds of all the banks, instead of the individual bank.

Mr. BEGG. That is exactly my position as I maintain it.

Mr. STEVENSON. But it only writes on the face of the bond what is now in the law.

Mr. STRONG of Kansas. Yes. We have not changed the law in that respect.

Mr. BEGG. If you have not changed it, what do you want to have it in here for?

Mr. STRONG of Kansas. We want to establish a central bond selling agency, so that all the banks will join and issue one consolidated bond, so there will be no discrimination and they may all be served with funds at the same costs and the bond buyers have a single standard bond, guaranteed by all the banks, that will be so attractive that it will sell at a lower rate and reduce the interest rate to the farmer borrowers.

Now, there is another proposition we wish to solve. Under the European systems where the landowners have small tracts of land in densely settled districts and the land or leasehold descends from father to son, they have farmers' cooperative credit systems. They get a good many cooperative benefits from forming such associations. So when this law was framed it was provided that loans should be made through farm-loan associations composed of at least 10 farmers; but we find in this country, where the farms are large and require larger loans, or in communities not very densely settled, it is hard to get 10 farmers ready to take 10 farm loans, and in many counties we do not have any farm-loan associations to serve the farmers under this system.

Again, when the farmers try to get 10 farmers who need loans to form an association together, some outside loan agency steps up to 2 or 3 of them and says, "We will make your loan a little easier," and when the farmers meet to form their association they have not enough men ready to take loans to form an association. That has happened in one county in my district until we have been unable to get a farm-loan association formed, and the farmers are not served.

Then there are places where churches have organized farm-loan associations and have refused to take in anyone outside of their own membership, and where families have formed a farm-loan association and have refused to take in any other farmers. Also, in some instances, associations have been formed and after getting a few farmers into the association have refused to take in others.

Sometimes a mortgage banker gets control of the office of secretary-treasurer, and while he takes the application for the farm loan from the farmers, he neglects to get the board of directors together to pass the loan; and finally, after a week or two, he says to the borrower, "If you are in a hurry for that loan I can make it for you through another mortgage-loan agency if you will pay a little higher rate."

So we find that in many communities the farmers do not have an opportunity to secure loans under this system, and we want to fix it so that the farmers everywhere can have the benefit of these amortized loans at low rates. So in this bill we have provided an amendment authorizing the Federal land banks to make loans through agents under proper bond in communities where farm-loan associations have not been formed, or where they fail, neglect, or refuse to properly serve the farmers of their territory. Loans made on applications taken through agents will, of course, have the same inspection and appraisal as loans made through associations or by agents of the joint-stock banks. This will in no way interfere with active farm-loan associations, but will enable the farm-loan banks to serve the farmers where there are no associations or where those in existence are not functioning properly.

Mr. WILLIAMSON. Will the gentleman yield in that connection?

Mr. STRONG of Kansas. I am very glad to yield to the gentleman.

Mr. WILLIAMSON. I notice you have eliminated most of the old features of the law in connection with these agencies. The law as it now exists provides that only a duly incorporated bank, trust company, mortgage company, or savings institu-

tion, chartered by the State in which it has its principal office, shall be employed as an agent, and these agents in taking loans and turning them over to the Federal farm-loan banks are required to indorse the paper and assume the same liability as the original mortgagor. Under this law you propose to appoint anyone an agent, no matter what his responsibility may be, and to have him give a surety bond.

Mr. STRONG of Kansas. That is Mr. Manson's statement, who, I think, is in the employ of the joint-stock land bank, and I can answer without the gentleman going through the rest of it. I know it by heart. But I do not want to take up too much time.

Mr. WILLIAMSON. The point is—

Mr. STRONG of Kansas. All right, I will answer the gentleman's question.

Mr. WILLIAMSON. I have not asked it yet.

Mr. STRONG of Kansas. I know what it is. When we started out to amend the act so as to appoint these agents to serve the farmer where he is not now being served, we found objections coming from the same source. They said we would make poorer loans and lessen the security of the bonds, but the mortgage banker, the joint-stock land banks, and all other agencies make loans through agents. It is said we are breaking down the cooperative feature of the farm-loan association.

I belong to a farm-loan association, but I do not believe that the farmers receive any cooperative benefits from them after their loans are secured. The Farmers' Union, the National Grange, and the American Farm Bureau and other farm organizations supply the farmers of this country the advantages to be derived from cooperation which I very much believe in and which I intend to foster and support in every way. I think it is because they have these associations that they do not use the farm-loan associations for any other purpose than to secure their loans, but because of the propaganda that has been sent out charging that the appointment of agents would destroy the cooperative features which it is claimed these associations have, we provided in this bill that where an agent was appointed in the territory of an association that had become inactive and the association decided to resume its service to the farmers and should pass a resolution to do so that no more loans through agents should be made in that territory. We also have provided that any 10 borrowers whose loans should be made through agents could form a farm-loan association.

Mr. BURTNESS. What incentive would there be to the 10 men to form an association after they have gotten their money without becoming responsible in any way, shape, manner, or form to the other fellow?

Mr. STRONG of Kansas. No more incentive than induces them in the first place, as far as the cooperative features are concerned. There is no cooperative beneficial feature in the farm-loan association after the farmers have secured their loans; they obtain such benefits through their farm organizations, and all this talk about the cooperative benefits to the farmer in farm-loan associations is pure, unadulterated bunk, intended to fool the farmer.

Mr. STEVENSON. The gentleman from North Dakota [Mr. BURTNESS] says, "without becoming responsible in any way, shape, manner, or form." The gentleman has not read the bill. The man who gets a loan through an agent has to have the profits that are accruing to his stock put aside to create a reserve to take care of the defaults of the fellows who borrow through the agency, and he has got the responsibility after the fellow acts through the association.

Mr. McLAUGHLIN of Michigan. Will the gentleman yield?

Mr. STRONG of Kansas. I had rather not. I am trying to explain these propositions without taking too much time. You are all my friends and I would like to yield to you, but I have not the time.

The matter of the permanent organization of the banks we feel makes necessary another amendment. The original act provided for a temporary organization under the supervision of the Federal Farm Loan Board and that when the stock subscriptions in any farm-loan bank should reach the sum of a hundred thousand dollars a permanent organization should be effected consisting of nine directors, three appointed by the Government and six elected by the farm-loan associations. In January, 1918, Congress passed a law authorizing the purchase by the Treasury of two hundred millions of the farm-loan bonds, with a provision that so long as any of the bonds so purchased remained in the Treasury the temporary organization should continue in force. So up to this time we have had Government supervision and management by the Federal Farm Loan Board. It has been most successful. The bond buyers have furnished a

ready market for the bonds, interest rates have been reduced, and loans made to farmers during the past year at the rate of a million dollars a day.

Whether or not the confidence of the bond buyers will continue if Government supervision is removed and the system turned over to the borrowers is a grave question, and after a good deal of earnest consideration we have provided in this bill a permanent organization with a cooperative management between the Government and the stockholder borrowers, the Government through the Farm Loan Board to name three directors and the stockholder borrowers to elect three, the seventh director to be chosen from candidates nominated by the stockholder borrowers.

Our committee had hearings upon this bill for over two weeks and then appointed a committee, of which I was chairman, to revise and rewrite it. Then the whole committee spent more than a week in perfecting it, and we are confident that if the bill is passed it will insure the system's good service to the farmers, all of whom can be served at still further reduced rates of interest. Chairman Charles E. Lobdell and Gov. Robert A. Cooper, present members of the Federal Farm Loan Board, and Hon. Herbert Quick and Hon. F. A. Lever, past members of the board; Merton L. Corey, representing the Farm Loan Bank of Omaha and the Secretary-Treasurers Association of the eighth Federal land district; George S. Mornin, secretary-treasurer of the Federal Farm Loan Association of Cedar Rapids, Iowa; Gray Silver, representing the American Farm Bureau Federation, and several Members of Congress from agricultural districts all appeared before our committee in support of the bill.

The only opposition came from Benjamin Marsh, whose principal objection was to increasing the loan limit above \$10,000, and Mr. Flanagan and Mr. Lyman and Attorney Lester C. Manson, who represented their Federation of National Farm Loan Associations. These gentlemen are responsible for the immense amount of propaganda that has been sent out to the farm-loan organizations, misrepresenting the intents and purposes of the bill, which has caused them to write to Members of the House opposing the bill. I want to read from the record of the hearings before our committee a statement made by Chairman Lobdell in explanation of the antagonism of Mr. Flanagan and Mr. Lyman toward the Farm Loan Board:

Mr. LOBDELL. Mr. Strong has called my attention to a matter that I am somewhat reluctant to discuss, because it is in a sense personal. I made reference to it and said all that I ought, perhaps. But the activities of Mr. Lyman and Mr. Flanagan date back to Mr. Flanagan's dismissal from the Farm Loan Board, on which occasion he served notice of his hostility. In that connection Mr. Lyman called on the board and demanded Mr. Flanagan's reinstatement. After a discussion of the situation and his insistence, with a threat that he would turn the organizations he represented loose on the Farm Loan Board, the subject was dismissed rather summarily and perhaps with scant courtesy. And a couple of days later he and Mr. Marsh attended a formal sitting of the board that we had, and the reinstatement of Mr. Flanagan was demanded, with the threat on the part of Mr. Lyman of the hostility which has been manifested. That is the animus behind that organization.

Mr. Flanagan had secured, while secretary of the board, a list of the farm-loan associations, and, assisted by Mr. Lyman, proceeded to organize them into a national association, requiring that they should each send to their headquarters here in Washington yearly dues of \$10 each, which at that time would have netted them \$40,000.

Mr. STAFFORD. Something on the order of the Non-Partisan League.

Mr. STRONG of Kansas. The board objected to this use of the funds of the associations, and they checked it up to Attorney General Palmer, who decided that they could not use the funds of the associations. Then the warfare commenced between Lyman and Flanagan and the farm board, and they have succeeded in inducing 300 out of the 4,600 farm-loan associations to joint their organization and have told them it is necessary to maintain their services here in Washington to protect the farm-loan system against Congress and the Federal Farm Loan Board.

Up until this bill was introduced they have hoped through their association to build up an organization of farm-loan associations, and that they will enable them to secure control of the farm-loan banks instead of having continued Government supervision. They tell the farmers that we want to turn it back to political control and that they want to give it to the farmers.

The fact is they are the politicians that are trying to gain control and to destroy the supervision of the Government so necessary to the system if they want to sell the bonds to the bond-buying public.

Mr. GARRETT of Texas. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. GARRETT of Texas. How many agents may be appointed under the bill to take the place of the cooperative association?

Mr. STRONG of Kansas. No agent will take the place of a farm-loan association that is active and functioning. An agent is to be appointed only where there is no farm-loan association or where it is not functioning properly. The bill further provides that, if at any time a farm-loan association in the territory wants to resume operations and serve the farmers by passing a resolution and sending it to the board in Washington that they intend to do so, the board will instruct the bank to take no more applications through the agent.

Mr. GARRETT of Texas. Who determines that an agent is necessary in this section?

Mr. STRONG of Kansas. The farm-loan banks that make the loans in that territory.

Mr. GARRETT of Texas. Can not they make the loan directly to the borrower as well as through the agent?

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. HARDY of Texas. Mr. Chairman, I ask unanimous consent that the gentleman from Kansas be allowed 20 minutes, not to be taken out of the time fixed by the rule.

The CHAIRMAN. The time has been fixed and can not be extended in the committee.

Mr. HARDY of Texas. If the House wants a full explanation, I think it can be done by unanimous consent.

The CHAIRMAN. It can not be done by unanimous consent in the committee.

Mr. McFADDEN. I yield to the gentleman five minutes more.

Mr. GARRETT of Texas. Now, to continue my inquiry regarding the loan made to the farmer by the agent. Why can not the loan be made as easily direct from the farm-land bank without the intervening of an agent?

Mr. STRONG of Kansas. Some one has got to be in that territory to take the application and fix up the papers.

Mr. GARRETT of Texas. There would have to be as many agents as there are farmers that want to make loans.

Mr. STRONG of Kansas. No, no; one agent in a community can serve just as well and better than a farm-loan association that has ceased to function.

Mr. GARRETT of Texas. The point I make is, as a practical proposition, why could not the farmer, if you are going to do away with the cooperative system to that extent, take his abstract of title to his land from his county and make the trip himself to the Federal land bank and lay it down on the counter and ask for the loan that he wanted?

Mr. STRONG of Kansas. He could; but he might be 200 miles away from the bank.

Mr. GARRETT of Texas. That would be cheaper even than to pay an agent.

Mr. STRONG of Kansas. Oh, no; it would not. Suppose he wanted a loan of \$3,000. If he had to pay 1 per cent, he would pay \$30.

Mr. GARRETT of Texas. He could mail it in and get all the action he wanted. Who will do the appraising under this bill?

Mr. STRONG of Kansas. The same men who do it now.

Mr. GARRETT of Texas. What would be the gain?

Mr. STRONG of Kansas. Simply a service to the farmer. Many farmers from my district are writing me that they are not being served.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. BANKHEAD. Some of us would like to hear the gentleman in his time make some reference to the necessity for increasing the amount of the loan which is permissible under the amendment.

Mr. STRONG of Kansas. I would like to proceed. There are some men who are very much interested in that feature who will speak later.

Mr. BLANTON. Would the gentleman mind telling us what a community is? There might be 50 communities in a county not being served.

Mr. STRONG of Kansas. It all depends upon the density of the population. In some of my counties we have only one association and in some we have two, and in some places a county and a half takes one association.

Mr. HAUGEN. Does the Federal Farm Loan Board limit the number of cooperative associations?

Mr. STRONG of Kansas. Not at all.

Mr. HAUGEN. Then any 10 farmers can get together and form an association?

Mr. STRONG of Kansas. Yes. I am sorry, but I must refuse to yield any more. I want you gentlemen to know where

this propaganda you are receiving comes from. This morning there was sent to the office of each one of you a letter headed "National Board of Farm Organizations," signed by Charles A. Lyman, secretary. In that letter he says:

By authority given me by Mr. Charles S. Barrett, chairman of the National Board of Farm Organizations and the president of the National Farmers' Union, I appeared before the Committee on Banking and Currency of the House on January 4.

And so forth. By that statement he was trying to give you gentlemen the idea that in the opposition to this bill he is representing the National Board of Farm Associations under the direction of Mr. Barrett. I called up Mr. Barrett and asked him who gave Mr. Lyman authority to go down before the committee. He said he gave him authority to go down before the committee, but he did not tell him to oppose the bill, and he gave him no authority to send out this statement. They are trying to fool you on this proposition.

Mr. DAVIS of Tennessee. Does Mr. Barrett himself indorse the bill?

Mr. STRONG of Kansas. Mr. Barrett has known that this bill has been before us for some time, but he has not been before the committee, either for or against it. I think he has been out of the city most of the time.

Mr. SUMMERS of Washington. Will the gentleman state in regard to his own association, which is referred to in the letter?

Mr. STRONG of Kansas. They propagandized my association just as they did every other, telling them that we were trying to destroy the farm-loan system, to give it over to the bankers, and all that kind of trash. They got my fellows to send me a protest just as they have succeeded in misleading a good many others.

Mr. BEGG. I saw a copy of a letter that purported to be a reply to the gentleman's letter from the association.

Mr. STRONG of Kansas. The gentleman saw a copy of a letter of one man asking me for more information. They have misled a good many. Mr. Manson, the attorney who came before our committee, said that he was working for love; that he was writing these briefs and sending them over the country without any fee or expectation of a fee. We have become very nearly convinced that he is in the employ of the joint-stock land banks. The joint-stock land banks, it seems, are against this bill. Those, however, who have succeeded in making it serve the farmers so successfully are earnestly supporting it, such as the present and past members of the Federal Farm Loan Board and the presidents of the farm-land banks and a great majority of the farm-loan associations.

I have here a wire from the president of the association of secretaries and treasurers of the eighth Federal land district that I will read.

CHICAGO, ILL., February 16, 1923.

Congressman JAMES G. STRONG,
Washington, D. C.:

Association of secretary-treasurers of eighth Federal land bank district has carefully considered Strong bill amending farm loan act. We indorse every provision for the following reasons: First, the banks are able and willing to pay expenses of administering the system; second, the plan for permanent organization gives the associations a voice in the management of the banks now denied and preserves such Government supervision as will insure confidence of bond-investing public; third, provision is properly made for stock to be issued by Federal land bank when association liquidates; fourth, enlarges purpose of loan, enabling banks to care for severe losses among farmers during deflation period on which they now are paying high interest rates; fifth, the increase of loan limit to \$25,000 is absolutely necessary to enable the banks to serve the Corn Belt and ranching territory, and it is important to all farmers that the Federal farm-loan system shall be permitted to function in the best agricultural States both because it is just to the farmers so burdened with debts, and the inclusion of these loans will make larger profits for all borrowers as well as satisfy the bond investors with the strength of the securities; sixth, loans through agents are necessary in many places to enable the banks to serve farmers who do not have access to associations; seventh, the provisions for issuance and sale of consolidated bonds will facilitate the work and render the bonds more attractive.

Farmers of this district are practically unanimous for this bill, as they have not been misled by the propaganda of some opponents of the measure, who, while pretending to serve the association and the Federal land banks, are seeking to shackle the system so it can not compete on fair terms with the selfish interests they represent. Distressed conditions in agricultural districts demand early passage of your bill.

JOHN CARMODY, President.

Also the following telegrams sent by the Federal land banks in response to this wire:

FEBRUARY 14, 1923.

Please wire fully attitude your organization toward Strong bill amending farm loan act. Congressman STRONG desires this information and may possibly wish to read same into CONGRESSIONAL RECORD.

COLUMBIA, S. C., February 15, 1923.

CHARLES E. LOBDELL,
Farm Loan Commissioner, Washington, D. C.:

Your wire 14th. This organization favors Strong bill.

FEDERAL LAND BANK.

BERKELEY, CALIF., February 16, 1923.

The proposed amendments to the farm loan act contained in H. R. 14041, known as the Strong bill, we believe have been well considered, and if passed will serve the best interests of our borrowers, both present and future. There can be no serious objection to section 1; it is fair and just. Section 2 provides a plan of permanent organization for the banks that should prove beneficial. It gives the associations representation on the directorate, to which they are entitled, and which should prove beneficial without subjecting the banks to the criticism that the farmer's interest only and not the public interest in the system is being considered. This plan is fair and we believe will meet with the approval of the associations in this district. Section 3 is a necessary amendment. Several associations in this district have expressed a desire to liquidate. This section provides a fair and safe plan. Section 4 does not go as far as it might, but will undoubtedly enable the banks to care for many farmers who otherwise would be unable to obtain our services. Section 5 will enable us in this district to take care of many farmers who at the present time are being denied our service, because they are not in association territory or are unable to get service from existing associations. We do not consider that it in any way destroys the cooperative principle of the system. Section 6, in order to save expense, confusion, and possible discrimination in bond sales and purchases, we believe the adoption of this section necessary. Sections 7 and 8 seem necessary in view of previous proposals and amendments. We hope the Strong bill may be passed this session.

THE FEDERAL LAND BANK OF BERKELEY,
By WILLARD D. ELLIS, President.

NEW ORLEANS, LA., February 16, 1923.

COMMISSIONER FEDERAL FARM LOAN BOARD,
Washington, D. C.:

In answer to your telegram of February 14 in re Strong bill amending farm loan act, the board of directors of the Federal Land Bank of New Orleans, in special session this February 16, beg to reply unanimously, as follows: We heartily indorse said bill, with the exception of that portion thereof relating to permanent organization of the Federal land banks, concerning which portion we have grave misgivings. We have always regarded governmental control of the banks through the Farm Loan Board as the keystone of the endurance and success of the system. The method of permanent organization of the banks prescribed in said bill seems to point to a passing of governmental control, and this would, in our opinion, work irreparable injury to the system both in the management of the banks and in the credit of the system in sale of bonds to the investing public, who in every loan have an interest of 95 per cent.

BOARD OF DIRECTORS,
T. F. DAVIS, President.

ST. LOUIS, MO., February 15, 1923.

Judge CHARLES E. LOBELLE,
Farm Loan Commissioner, Washington, D. C.:

We believe Strong bill amending farm loan act would insure more economic and efficient administration of Federal land banks and more adequate and extended service to farmers. Increased loan limit is simple justice to deserving farm units now excluded from cooperative system. Permission to use agents in extreme cases would provide more universal service. Participation in management by borrowers, as here provided, should not be longer delayed. Government should be relieved of administration costs. Other provisions of Strong bill would further tend to perfect functioning of farm loan act. We are convinced that a large majority of our 416 associations favor this bill.

THE FEDERAL LAND BANK OF ST. LOUIS.

LOUISVILLE, KY., February 14, 1923.

HON. CHARLES E. LOBELLE,
Farm Loan Commissioner, Federal Farm Loan Board,
Washington, D. C.:

We strongly indorse the Strong bill (H. R. 14041) as favorably reported by the Banking and Currency Committee of the House. We believe it is of prime importance in the development of the system. We sincerely trust that it will pass this present session of Congress, as we consider it of importance that it be made effective as soon as possible.

JAMES B. DAVIS,
President Federal Land Bank of Louisville.

OMAHA, NEBR., February 14, 1923.

FEDERAL FARM LOAN BOARD,
Washington, D. C.:

We have given careful consideration to the Strong bill, now pending in Congress. We consider it is very wisely drawn, and provides very necessary and desirable changes in the farm loan act, which, if enacted, will strengthen the Federal land banks and enlarge their opportunities to serve borrowers. This bank is ready and willing to pay its share of the expenses of the Farm Loan Board and relieve the Government of that expense. The plan for electing directors of the Federal land banks safeguards both the interests of the borrowers and the interests of investors who furnish funds for loans. Section 3 provides a method by which associations may voluntarily liquidate, which is lacking in the original act. The provision increasing the maximum loan limit to \$25,000 is very greatly needed in order to accommodate borrowers operating ordinary farm units, many of whom were tenants, who are struggling hard to pay for homes for themselves and families.

Farmers can not keep their sons on the farm unless they have farm units of sufficient size to keep them profitably employed and of sufficient size to divide and start their sons as farm owners instead of tenants when they marry and start out for themselves. The restriction providing that all applications for loan, between \$16,000 and \$25,000, shall be submitted to the Farm Loan Board at Washington should, however, be eliminated, as it will cause unnecessary delay in closing loans and consequent dissatisfaction with the system. Over the larger part of our district loyal and faithful secretary-treasurers give prompt and efficient farm loan service to the farmers in their communities. Other localities, however, are not served by associations and should have the opportunity of procuring their loans through agents as provided in the Strong bill. Experience has proven that it is of utmost importance for the Federal

land banks to join together in marketing their bonds. Section 6 provides a practical organization for the sale of our bonds, aiding not only in securing a better market but also promoting economy, simplicity, and prompt and efficient service and is altogether desirable.

D. P. HOGAN,
President Federal Land Bank of Omaha.

ST. PAUL, MINN., February 15, 1923.

CHAS. E. LOBELLE,
Farm Loan Commissioner, Washington, D. C.:

We and our organizations favor all the amendments in the Strong bill except the last amendment. Our associations believe the last amendment could well be left out at this time. We strongly urge the passage of all the other amendments in order to increase the efficiency and service of the Federal land bank system.

E. G. QUAMME.

HOUSTON, TEX., February 14, 1923.

FEDERAL FARM LOAN BOARD,
Washington, D. C.:

Our executive committee feels that the proposed amendments to the farm loan act outlined in the Strong bill will increase efficiency of service to eligible borrowers. There is special need of increase in loan limit in this district. We furthermore feel that the matter of permanent organization ought to be settled; and, speaking generally, we favor the Strong bill.

THE FEDERAL LAND BANK OF HOUSTON,
By M. H. GOSSETT, President.

BALTIMORE, MD., February 15, 1923.

Judge C. E. LOBELLE,
Federal Farm Loan Board, Washington, D. C.:

The board of directors of the Federal Land Bank of Baltimore, in regular session, unanimously approved H. R. 14041, known as Strong bill now before Congress and instructed me as secretary to wire this approval to the Farm Loan Board.

C. R. TITLOW,
Secretary the Federal Land Bank of Baltimore.

SPOKANE, WASH., February 15, 1923.

HON. CHAS. E. LOBELLE,
Farm Loan Commissioner, Washington, D. C.:

Our executive committee favors the Strong bill as reported by House Committee on Banking and Currency; other than that we doubt advisability of designating seventh director as ex officio chairman of board.

THOMSON, Secretary.

The CHAIRMAN. The time of the gentleman from Kansas has again expired.

Mr. STEVENSON. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. JONES].

Mr. JONES of Texas. Mr. Chairman and gentlemen of the House, I am always somewhat opposed to tinkering with a machine that is running in fine fashion. I understand that farm loan bonds are selling above par, that more applications are on file than they are able to take care of, that the bonds are very much in demand, so I think if we make any radical changes in the system, in so far as the management of the system is concerned, it should be done very carefully and cautiously. There are two sections in the bill that seem to me to be calculated to interfere with the present workings of the system in the best way. Section 2 changes the methods of control and the election of directors of the banks, placing three in the hands of the farm loan associations, three in the hands of the bank, and the odd one to be selected, as I understand, from three who have been approved by the farm loan system.

Mr. STEVENSON. Will the gentleman tell us who appoints the directors who are now in control and have been up to the present time?

Mr. JONES of Texas. I understand they are appointed from those who are approved by the national associations.

Mr. STEVENSON. Oh, no; they are not. They are appointed by the President, and they have never had an opportunity to name one up to this time.

Mr. JONES of Texas. I just want to say that at the present time the voice of the associations has been pretty strong in it, and I understand that when the Government's money is returned and the permanent organization is formed six, perhaps, out of nine are to be selected by the farm loan associations. At least that is the way I construe section 4 of the original act. However that may be, I think the principal objection to this bill, and that is what I want to discuss principally in view of the limited time which I have, is section 15, I wish gentlemen would look at it. There is just one great principle running through the farm loan system, and that is this.

The present loans are made through loan associations consisting of 10 or more members. Let us take the gentlemen who are sitting on these two front seats. Suppose they get together and form a farm loan association for the purpose of securing a loan. Each of those men must buy 5 per cent of stock in the Federal land bank, and each must be responsible

to the amount of 5 per cent of his loan for any loss that occurs among his neighbors.

Mr. HUDSPETH. My colleague has referred to section 15. I do not see it.

Mr. JONES of Texas. It is section 5 of this bill, amending section 15. It is true that under the proposed system of direct loans by agents the man is also responsible, but each neighbor is not responsible in the community organization for his neighbor. If Mr. CLARKE, for instance, and Mr. DENISON and Mr. RAINEY are going to be in this association and somebody tries to get in whose credit is not very good, or whose security is not very good, they look after that, and see to it that this man either makes his security good, or that he does not get in.

Now, if this measure is passed, the agent will come around—he will have a commission under it—he can make the loan direct. The motive of that agent will be to make the loan, because he gets a commission. The motive of Mr. CLARKE and Mr. DENISON is not only to secure the loan in passing on their neighbor's loan or the others in the association, but their motive is to make those loans safe, is not that it? Under the new plan as evolved, the agent gets a commission of 1 per cent. He goes into a community, and instead of getting 12 or 10 or some other number of men together, all of whom are interested primarily in making these loans safe, that agent's commission depends upon his making the loan, does it not? Of course, the borrower is going to be responsible over the whole banking district for any loss that occurred, but if he is only going to be responsible in that way, even though it is for the same amount, he is not particularly interested in the man in his locality having a safe loan. He will not pass on it, because it will be done through the agent. Now, the reason that these farm-loan bonds are selling above par is because the investor thinks they are absolutely safe.

Mr. YOUNG. Will the gentleman yield?

Mr. JONES of Texas. In a moment. The best way in the world to have somebody who knows the parties in a small local loan is to have the local association where each neighbor of 12 neighbors is interested in having the loan absolutely safe, because his loss, if there is any, depends on the delinquency of somebody in that community who forms part of that association. I favor increasing the loan limit. However, I think the bad features of the bill outweigh the good features.

The CHAIRMAN. The time of the gentleman has expired.

MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. SNELL having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 3955. An act to compensate Lieut. L. D. Webb, United States Navy, for damages to household effects while being transported by Government conveyance;

S. 4308. An act to authorize the general accounting officers of the United States to allow credit to certain disbursing officers for payments of salary made on properly certified and approved vouchers; and

S. 3084. An act to authorize and provide for the payment of the amounts expended in the construction of hangars and the maintenance of flying fields for the use of the Air Mail Service of the Post Office Department.

The message also announced that the Senate had passed with amendments the bill (H. R. 14254) to amend the act entitled "An act to create a commission authorized under certain conditions to refund or convert obligations of foreign governments held by the United States of America, and for other purposes," had insisted upon its amendments, had requested a conference with the House on the disagreeing votes of the two Houses upon the pending bill, and had appointed Mr. McCUMBER, Mr. SMOOT, and Mr. WILLIAMS as the conferees on the part of the Senate.

FEDERAL FARM LOAN ACT.

The committee resumed its session.

Mr. STEVENSON. Mr. Chairman, I yield myself 10 minutes.

The CHAIRMAN. The time is in control of the gentleman from Arkansas.

Mr. WINGO. Mr. Chairman, I ask unanimous consent that the gentleman from South Carolina control the rest of the time.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. STEVENSON. Mr. Chairman, the gentleman met himself the first round. He said that the management that had control of things up to now and made this thing go like this did ought not to be interfered with. Then he complains we did not turn it over to somebody else absolutely without any string. The temporary organization of directors appointed by the Presi-

dent of the United States are to-day in the control of this institution and have been, and until the \$100,000,000 of bonds of the farm loan association are taken out of the Treasury of the United States they will be in absolute control, and no association has had anything to say about the appointment or direction of directors and will not have until those bonds are taken out, and they are left for 14 years yet to act. In this amendment the first thing we propose to do is to turn over to the stockholders, regardless of that situation, the right to control and elect the majority of the directors of these institutions, because we are satisfied that now they will go on. Now, what is the proposition about that? They say now the original bill as introduced retained control of the majority in the Farm Loan Board. The committee did not stand for that. The committee said that this is a good concern, that everybody has confidence in it, and we did not intend to keep a hierarchy here that might override all the stockholders of this concern, and therefore they should have the right to take over a majority of the directors. We provided they elect three directors, that the board appoint three, and that the stockholders nominate from the district—say the District of Columbia banking district—nominate as many as they want, and the Federal Farm Loan Board can appoint one of the three highest. We give the stockholders the right to say from what list the other director shall be taken, and he is to be president of the board. But if these stockholders in a district nominate only one, the board has to take him. That is the provision. Do you want any other security than that for the stockholders?

Mr. HARDY of Texas. Will the gentleman yield?

Mr. STEVENSON. I will.

Mr. HARDY of Texas. For information, what is meant by the stockholders in a district?

Mr. STEVENSON. The stockholders in a district are the stockholders of the farm-loan association and the people who borrow through the agency.

Mr. HARDY of Texas. If the association disappeared, they still have—

Mr. STEVENSON. I am glad the gentleman asked that question, because there is no chance that the association would disappear.

Mr. HARDY of Texas. That is what I wanted to know.

Mr. STEVENSON. The gentleman referred to section 5 and to section 15 but did not read it. Now, I want you to look at that language as it stands to-day. Look at section 15 as it stands to-day. I will read it:

SEC. 15. That whenever, after this act shall have been in effect one year, it shall appear to the Federal Farm Loan Board that national farm-loan associations have not been formed and are not likely to be formed in any locality because of peculiar local conditions, said board may, in its discretion, authorize Federal land banks to make loans on farm lands through agents approved by said board.

Mr. JONES of Texas. They can only make loans through the banks and trust companies, which must indorse the loans.

Mr. STEVENSON. I will come to that. The gentleman who sent this propaganda about this morning said that they can not do so under this bill; that they have to have the banks and trust companies and nobody else can act as agents, and therefore you can not make the loans regardless of that restriction. We have fixed it so that farm-loan banks can have any agent they want.

Mr. BEGG. If the Government makes money available at the lowest possible rate of interest, do you think it is then obligated to hire men to go around and solicit people to take that money?

Mr. STEVENSON. No, sir; the Government is not. The Government is not obligated to establish a farm-loan bank, but it is doing it, and the problem is to get for every farmer in this country a chance to avail himself of that opportunity.

Why do we put this agency proposition in here? Why have we liberalized it here? Because there was a community where 15 or 20 men in a county would organize an association and get their loans and then shut up business.

Let me read the language we have put in there, under which they are better off than in the original act:

When a local farm-loan association fails, neglects, or refuse to serve properly the needs of any territory in its locality—

And I hope the gentleman from Texas [Mr. HARDY] will get that, because I want him to understand that—

When a local farm-loan association fails, neglects, or refuses to serve properly the needs of any territory in its locality, then the board, after 30 days' notice to said association—

And so forth. We give them the opportunity of repentance, and if they do not take it, it is their own fault. Then, after 30 days' notice it may authorize the Federal land bank to make such loans as are approved by the board. Is there anything unfair about that?

Then, over on page 11 we have a provision that—

Whenever any local farm-loan association, located in territory served by an agent, appointed under the provisions of this section, shall by resolution declare its willingness to serve the prospective borrowers in such territory and transmit a copy of such resolution to the Federal Farm Loan Board, the Federal Farm Loan Board shall at once instruct the Federal land bank of that district to discontinue taking applications through agents in such territory—

And so forth. Then the Farm Loan Board can not loan through the agent at all. It has got to go back to the association.

Mr. TINCHER. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. TINCHER. Is not the bill under consideration valuable from the fact that on page 9, for instance, it gives reasons? It provides—

To liquidate indebtedness of the owner of the land mortgaged incurred for agricultural purposes, or incurred prior to January 1, 1922.

I know of a number of farmers who are being deprived of the privileges under this law by reason of the narrowness of the act.

Mr. STEVENSON. Yes. That is another amendment that we have made. We have made it prior to January 1, 1922. We have heard about deflation, and we have heard how the farmers have been injured by it. We provide that up to January 1, 1922, the farmer who has got in debt, whether for agricultural purposes or not, has the right to liquidate the indebtedness. When gentlemen talk about getting cheap money, we propose that the man who borrowed before January 1, 1922, shall be allowed to redeem his home under the provisions of this act.

The gentleman says the agency does not have to indorse. No bank has the right to indorse, and no bank has indorsed, and no loan has been made through the agency under that provision. But remember that when people borrow through an agency the bank shall set aside a certain part of the stock going to the reserve fund. We create a great reserve fund there to take care of any defaults that are made by any of these direct borrowers for whom the other borrowers did not stand, so that the great mass of direct borrowers will be standing for themselves only, and they will have a reserve fund there out of the reserve fund created by those direct borrowers which will enable the bank to get its money.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. BURTNESS. Will that have to be paid back to the individual stockholder?

Mr. STEVENSON. That will come when you come to liquidate the bank. That will be taken into account when you settle with the stockholders under the 40-year term.

Mr. BURTNESS. That does not provide that the shareholders shall be liable, but the next paragraph determines the liability of the shareholder, and that shareholder is not included.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. STEVENSON. I desire, Mr. Chairman, to take five minutes more, and then I will be through.

Of course, when the stockholder gets through and pays his loan and gets his settlement, the value of his interest in that reserve will be included and accounted for to him honestly, as all the insurance companies do.

Mr. BURTNESS. I would like to hear the gentleman also on the necessity or the reason for section 3 of the act providing for liquidation.

Mr. STEVENSON. Oh, yes; that is another of the complaints that the gentlemen all had this morning from Mr. Lyman. If the gentleman will turn to section 24 of the farm loan act he will see the following:

No national farm-loan association, Federal land bank, or joint-stock land bank shall go into voluntary liquidation without the written consent of the Federal Farm Loan Board.

That recognizes the right for a Federal farm-loan association to go into liquidation. All corporations can go into liquidation by the unanimous consent of the stockholders, and we have left it that way. They can not do it without unanimous consent. But there was no provision in there for what became of a man's stock in the farm-loan association when the association went into liquidation. He could not get it out. It was in a fix, where it was hung up between heaven and earth.

What did we put this in for? We put in this provision about what should become of the stock in order that there might be a settlement, and in order that the man would not lose his stock when the association went into liquidation.

Mr. BURTNESS. What relevancy has that to the original act to which it is appended?

Mr. STEVENSON. Section 9. That section provides merely for what becomes of a man's stock after the association liquidates, as provided for under the farm loan act as originally

enacted. That is all it does. I do not think anybody will say that it is unjust or improper. It is not only just but exceedingly proper.

Now, as to the size of the loan, we had a great deal of trouble in that, and here is how we reached the figure \$16,000. Everybody from all over the United States testified on this matter. If any one of you wants to look at it, you can read it in the hearings. The committee had its own idea, that the ideal farm unit in the Middle West was 160 acres, and the Farm Loan Board representatives testified that they had made it a rule that they would never loan more than \$100 an acre for farm-loan purposes even in Iowa.

That made for the ideal farm unit the maximum loan of \$16,000, and we put it at \$16,000, and we provided that the man wanting \$10,000 or less should be cared for first. Then occasionally an exceptional circumstance arises where it is necessary for some man to get a larger loan than that to pay for or save his farming outfit and his farm unit, and we provided that under exceptional circumstances they may submit an application to the board, and if the board see fit they may make a loan up to the limit of \$25,000; but that is only under exceptional circumstances, and the small man must first be cared for before that is done. That is the situation as to that.

Now, gentlemen, a good deal of misinformation has gone out. There is just one other thing I want to advert to. This young man has sent you this statement about the loan associations all being opposed to this bill. I want to call your attention to the hearings at page 122. In the first place I call attention to the fact that this young man claims to represent only 800. His own testimony shows that there are over 4,000 of these associations, so as to numbers he represents only a minority of 20 per cent.

This bill has been submitted to the farm-loan associations of this country as originally introduced. Since then it has been cut all to pieces and rewritten three times, and I consider it a very good piece of legislation. As originally introduced it was submitted to the farm-loan associations of this country, and 1,017 people replied. Six hundred and seventy-four of them were for the first part of the bill; that is, where they take over the expenses. Nine hundred and sixty-five out of the 1,017 were for the second section, 905 were for the third, 919 for the consolidated bond section, 938 for the liquidation section, and 873 for increasing the loan limit. For the loan agencies there were 860 out of 1,017.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEVENSON. I yield five minutes to the gentleman from Mississippi [Mr. QUIN].

The CHAIRMAN. The gentleman from Mississippi [Mr. QUIN] is recognized for five minutes. [Applause.]

Mr. QUIN. Mr. Chairman, according to my conception, this measure changes the fundamental farm loan act, and I believe the changes in it deserve more than passing notice. For that reason in the closing days of the Congress I do not believe we ought to pass this bill. Every man on this floor knows that my heart and sympathies are with the farmers of the United States. In the caucus in 1913 in this very room for weeks a few of us fought to get this farm loan act made a part of the great Federal reserve system. We were unsuccessful, and did not finally get this bill through until the presidential-election year of 1916.

The enemies of that measure have gone the extreme limit, have run the entire gamut to tear down the Federal farm loan act. They even went so far as to get out an injunction and stop the Federal farm-loan associations of the United States from functioning for a long period of time. Now, one of the main things in the original act was to hold down to as small a sum as possible the amount that could be borrowed by any one farmer. That was finally agreed at the maximum of \$10,000. I believed then it was wise to make it that low, and since this law has been in force I have still believed in the wisdom of the original act. So that every man in the United States who is a real friend of the farming classes knows in his heart and judgment that it should not be increased above that limit.

Mr. DICKINSON. Will the gentleman yield?

Mr. QUIN. I can not yield. My time is too short. In this bill they have increased the limit to \$16,000. That is nearly double the amount that the original act carried. Why is it that the Federal farm-loan bonds are now marketed everywhere at above par? It is because they are secure from taxation and because the amount loaned to any one farmer is not sufficient to jeopardize these securities. A \$10,000 loan has bonds back of it that of course will be better than if the limit were \$16,000. Further, the amount of money that can go to these farmers in the United States is limited, and we must hold the sum down

Instead of letting it go up. This bill even says they may go higher than \$16,000. They may loan \$100,000 to any farmer.

Mr. STEVENSON. Oh, no; not to exceed \$25,000 under any circumstances.

Mr. QUIN. If this bill becomes a law, in my judgment it will jeopardize the effective operation of the Federal farm-loan system. All of us want to do all we can for the farmers of this country. I would love to see every man get half the value of his farm, even if he had a \$100,000 farm; but we can not do it in a Government institution, because of the very fact that we know the resources of the United States become limited at times. The money available to buy these bonds becomes limited at times, and therefore we must hold the amount down to as small a sum as possible.

In all probability we can all the time find buyers for the bonds if we do not lend more than \$10,000 to any one farmer. If the limit is raised to \$16,000 and \$25,000 the small farmers will not be able to secure loans. Another thing: The bonds may be forced below par, which would compel the farmers to pay a higher rate of interest.

The CHAIRMAN. The time of the gentleman has expired.

Mr. QUIN. May I have a little more time?

Mr. STEVENSON. I yield to the gentleman three minutes more.

Mr. QUIN. My good friend from South Carolina [Mr. STEVENSON], a member of the committee, says it may not be over \$25,000. Suppose they inaugurate the system of making half the loans at \$25,000. Do you not know that the small farmer who wants \$500 or \$1,000 or \$1,500 would be in a measure deprived of his loan, and would not that in a measure cause the bonds to be a drug on the market? We might get too many of them for the amount of money seeking such investments.

Mr. STEVENSON. Will the gentleman yield?

Mr. QUIN. I yield to the gentleman from South Carolina.

Mr. STEVENSON. The gentleman has overlooked the proviso that preference shall be given to applicants for loans for \$10,000 and less.

Mr. QUIN. Yes; you put the preference there, but when you come to the actual reality what are you going to do? You know that the great farm-mortgage companies of the United States in competition with this farm loan act have done all in their power to discredit it and to destroy it. You know that if you put such language as that in the bill the same forces will continue to make inroads against the operation of this law as it was originally intended; and if the United States Congress will listen to all the sirens that come asking to have amendments made to this act they will finally get it so that the small farmers can not borrow the money they need; and that is what I am afraid of, and we must be careful to prevent that. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEVENSON. I yield 10 minutes to the gentleman from Texas [Mr. BLACK].

Mr. BLACK. Mr. Chairman, since I have been a Member of Congress I have supported every bill that I thought would advance the cause of agriculture. I have done this because I thought it was for the interest of the Nation as a whole.

No other factor has contributed so much to make general prosperity possible in the United States as has the farming industry. Nothing is quite so essential to our future welfare as a nation, as a virile, home-owning, industrious contented rural population.

The measures which we have enacted from time to time to help agriculture have not always come up to our expectations in beneficial results, but I think it may be truly said there is one act which has not disappointed us.

That act is the farm loan act. Passed by a Democratic Congress in 1916 and signed by President Wilson on July 17 of the same year. It has now been in operation about six years.

During that time the 12 Federal land banks have loaned about \$700,000,000 to 232,000 borrowing farmers. During the same period of time the joint-stock land banks have loaned about \$280,000,000 to approximately 25,000 borrowers. Loans are now being made at the rate of more than \$200,000,000 a year. It would be difficult to appraise the vast amount of good which has been wrapped up in this volume of business, in the lowering of interest rates, in providing an amortization plan of payments extending over a long term of years, and especially in making available funds for loans in sparsely settled and less-developed sections where the private loan companies had hitherto declined to go. These real benefits have been made possible, first, by reason of the fact that the law is based on sound and businesslike principles, and, second, because it has been administered in an able, conservative, and forward-looking manner. Naturally, in the administration of a law of this kind, owing to changed conditions and the profits of experience, it has developed there is need for some amendments.

The Farm Loan Board, under whose administration this splendid work has been done, in its several annual reports has recommended that certain amendments be adopted to the law. The gentleman from Kansas [Mr. STRONG] embodied the most important of these recommendations in the bill which he introduced several months ago. Our Committee on Banking and Currency has given full hearings on the bill, and after a painstaking consideration of every provision of the original Strong bill we have made certain important changes and modifications in it and it is now before us in a form which represents the collective judgment of the committee.

I want to notice in the brief time I have some of the major provisions of the bill. First, the bill provides that the expenses of the Farm Loan Board and its employees shall be assessed and paid by the Federal farm-loan banks and the joint-stock land banks in proportion to their gross assets. This is similar to the collection of the expenses of the Federal Reserve Board and its employees from the 12 Federal reserve banks. Inasmuch as all 12 Federal land banks are now on a dividend basis, I see no reason why that should not be done. This reason would all the more apply to joint-stock land banks, which are strictly private institutions under Government supervision. So far as I know it is universally agreed that this is a wise provision. No objection to it has been presented to our committee.

The next provision is one that has occasioned some discussion, and is that provision which provides that in the permanent organization of the Federal land banks there shall be a board of directors consisting of seven members. Under the present act when the permanent organization goes into effect there would be nine directors, six of them known as local directors, to be selected by the farm-loan associations, and three nominated and appointed by the Federal Farm Loan Board. The permanent organization has not yet gone into effect on account of an amendment which Congress adopted when it authorized the Secretary of the Treasury to buy \$200,000,000 farm-loan bonds.

The provision we have in this bill is that three directors, known as district directors, shall be appointed by the Farm Loan Board. We also provide that three of the directors shall be elected by the national farm-loan associations. We provide that at the same time the associations elect these three directors they shall nominate three other men, and from that nomination of three the Federal Farm Loan Board will select the seventh director, who shall be known as the director at large and shall be chairman of the board.

Mr. KETCHAM. Will the gentleman yield?

Mr. BLACK. I will yield to the gentleman briefly.

Mr. KETCHAM. In the judgment of the gentleman, where would the actual power to control be vested under that sort of arrangement, where the Federal Reserve Board would select from three the man who, if an issue was closely drawn, would cast the deciding vote?

Mr. STEVENSON. If the gentleman from Texas will permit me, I think it should be stated that they nominate three while the stockholders nominate one.

Mr. BLACK. Whatever director at large is selected must be nominated by the national farm-loan associations and borrowers through agencies. Let me give the reason why I think that is absolutely a fair proposition. We will all agree that the success of the whole system rests upon the ability to market the bonds. The investment public furnishes nineteen-twentieths of all the capital available for loans. The borrowers furnish only one-twentieth, because the law only requires them to take one-twentieth of the amount of their loans in stock. Now, is it not reasonable that the investment public, which furnishes nineteen-twentieths of the capital to operate the system, should have a fair representation through district directors selected by the Farm Loan Board?

Is there anything unfair, I will ask the gentleman from Michigan, in providing that three of these directors shall be appointed by the Farm Loan Board, three elected by the farm-loan association, and one director at large appointed from those nominated by the associations? Where is that unfair? It seems to me not only fair but eminently wise and proper.

Mr. KETCHAM. Fundamentally this is not desired as a measure of relief to the man who wants to invest but to the man who wants to borrow, and his interest is the predominant interest.

Mr. BLACK. How will they borrow unless the investment public buys the bonds? We must protect the system so that the public will have confidence and invest its funds. Once the confidence of the public is shaken in the ability of the management, then the system will go upon the rocks. Some gentlemen do not seem to recognize that fact.

Mr. KETCHAM. The answer to that is that the investing public are buying the bonds in increasing amounts and are happy to get them.

Mr. BLACK. And the answer to that is that up to this time all the directors have been appointed by the Farm Loan Board. [Applause.] Now, let me go further. Under another provision of the bill to which there has been a great deal of criticism directed, it is provided that in cases where the National Farm Loan Association have failed or refused or neglected to function, the Federal land banks may permit the making of loans to eligible borrowers through a direct agent. I will agree with my friend from Texas [Mr. JONES], who spoke awhile ago, that the system, looking at the entire results, has been an eminent success; but there have been counties where the borrowing farmer or those who wanted to borrow have not been adequately served. The system as a whole has functioned remarkably well. We have loaned \$70,000,000 to something like 25,000 farmers in Texas. But I have a letter here now, signed by Mr. J. Y. Roberts, who lives in Judge HARDY's town, secretary of a farm-loan association, who points out an instance where the people of a large agricultural county are not being served.

Here is what he said, and it illustrates the kind of cases that this bill is intended to reach:

I think where eligible farmers are not being served that the Federal land bank ought to have the authority to remove the secretary-treasurer and put another in his place who would serve the farmers as they should be. There is a great agricultural county adjoining Navarro County with an association at the county seat, and it has been organized four years, and it has closed only eight loans to the sum of \$13,000, and not a single loan has been closed in a year.

Mr. Roberts, in an adjoining county, is the secretary-treasurer of an association that has loaned possibly more than any other association in the United States, something more than a million and a half dollars. These instances show how some associations are functioning and some are not. Let me also read from a letter which I received from Mr. M. H. Gassett, president of the Federal farm-land bank at Houston, Tex. He says:

While the Federal Land Bank of Houston broke all records in December, 1922, in the closing of 1,280 loans in the sum of \$3,647,000 and with a promise of closing probably \$3,000,000 during January, yet the body of this business came from about two-thirds of our 341 national farm-loan associations in this district. Many associations are inactive, some of them not having placed a loan in a year. Many secretary-treasurers are incapable or indifferent and are wholly failing to afford opportunity to eligible farmers in many parts of this State to avail themselves of Federal land-bank loans. If the Farm Loan Board had the right to appoint agents to operate in territories where there are no farm-loan associations, or where organized farm-loan associations are not functioning, many eligible farmers now being denied our services could receive same.

It is only in cases of that kind that the Farm Loan Board has the right under this bill to appoint agents.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. BLACK. Mr. Chairman, under leave to extend my remarks, I want to briefly refer to the two other major propositions in the bill:

1. The maximum loan limit is increased from \$10,000 to \$16,000, with a provision that in special cases loans may be made as high as \$25,000 upon express approval of the Farm Loan Board. This section of the bill contains a provision requiring that loans under \$10,000 shall be given the preference and insures that in times of scarcity of funds the small borrower shall be served first. I especially approve this last-named provision because it safeguards the system to the man it was primarily designed to help, to wit, the small borrower. Personally, I would like to hold the amount to not exceed \$16,000, and will support Mr. STEAGALL's amendment to that effect.

2. The bill provides for joint issues of bonds by the 12 Federal land banks. The original act provided that every time a farm-loan bank had closed loans to the amount of \$250,000 it should make a separate offering of its bonds. This provision of law has proven inadequate and unsatisfactory, and this was early recognized by the administrators of the system, and all the banks by resolution called on the Farm Loan Board to handle the sale of bonds in group and in large volume instead of in separate and small issues. The last issue of bonds was \$75,000,000, which were sold at par, bearing 4½ per cent interest.

It is the purpose of the pending bill to continue this system of selling the bonds, with some improvements.

It is my very earnest conviction that the adoption of this bill will increase the usefulness of the farm-loan system, and therefore I shall support it.

I am anxious to aid the success of the system in every way that I possibly can.

[By unanimous consent, Mr. BLACK was granted leave to extend his remarks in the RECORD.]

Mr. FOCHT. Mr. Chairman, I ask unanimous consent to proceed for three minutes.

The CHAIRMAN. That can not be done in Committee of the Whole. The time has been fixed.

Mr. BEGG. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BEGG. How does it happen that nearly every speaker on the floor speaks for the measure? I thought under the rule passed by the House that there was an absolute guaranty that the opponents of the measure would have time allotted them.

The CHAIRMAN. Three hours of general debate was provided for in the rule, and the purpose of the Chair is, as far as possible, to protect the rights of both sides.

Mr. BEGG. Up to date that has not been the case.

Mr. YOUNG. Their rights have not been protected up to this time. We will expect some better attention from the Chair from this time on.

The CHAIRMAN. The Chair recognized the gentleman from Pennsylvania [Mr. McFADDEN] for one hour. He is the chairman of the committee. He is in favor of the bill. After Mr. McFADDEN yielded the floor and reserved the remainder of his time, the Chair then recognized the gentleman from Arkansas [Mr. WINGO], who is opposed to the bill.

Mr. YOUNG. But he is for the bill.

Mr. BEGG. I will say that kind of recognition absolutely deprives the opponents of this bill of any time, save one-half of one-half, or one-quarter, and I do not believe the parliamentary situation and the rules of the House permit any such division of time.

The CHAIRMAN. The House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of this bill by virtue of a special rule, by the terms of which debate was limited to three hours, one-half to be controlled by those against it and one-half by those in favor of it. There was no provision and no unanimous-consent agreement as to who should control the time, and under the general rules the Chair had to recognize some gentleman who was in favor of the bill. Pursuant to that policy he recognized the gentleman from Pennsylvania [Mr. McFADDEN]. Subsequently, after Mr. McFADDEN had used 17 minutes of his time and had taken his seat, reserving the remainder of his time, the Chair recognized the gentleman from Arkansas [Mr. WINGO], who rose and stated that he was opposed to the bill. The Chair recognized him for one hour, pursuant to the general rules of the House. It is not within the province of the Chair to order these gentlemen who have been recognized to reallocate their time. That is a matter for determination by them according to equity and good conscience.

Mr. BEGG. I raise the question with the Chair in all seriousness, whether, if he recognized some gentleman as against the bill and that gentleman turns around and yields the time to men in favor of the bill, the Chair has not the absolute authority to refuse the floor to that man.

The CHAIRMAN. It has never been done within the history of the Congress, and the Chair would not presume to assume such high-handed authority.

Mr. STEAGALL. As far as this side is concerned, there is no complaint.

Mr. BEGG. I should like to ask one other question. Will the Chair give us a statement as to the time consumed on this measure up to date? We have been debating the measure for nearly one hour and a half, or more than that time.

Mr. DEAL. Mr. Chairman, the gentleman from Alabama [Mr. STEAGALL] says that so far as this side is concerned there is no complaint, but I want to join with the gentleman from Ohio [Mr. BEGG] in raising a complaint, that the opposition to this bill has not been given the time on this side.

The CHAIRMAN. The Chair will recognize the complaints one at a time. The gentleman from Pennsylvania had 60 minutes at his disposal. He consumed 18 minutes and yielded 22 minutes, plus 5 minutes, to the gentleman from Kansas [Mr. STRONG].

Mr. BEGG. That is for the bill. That is 45 minutes.

The CHAIRMAN. The gentleman from Arkansas [Mr. WINGO] had 60 minutes. He yielded 10 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH], 5 minutes to Mr. JONES of Texas, 15 minutes to Mr. STEVENSON, 5 minutes to Mr. QUIN, 2 additional minutes to Mr. QUIN, and 12 minutes to the gentleman from Texas [Mr. BLACK].

Mr. BEGG. That makes about 15 minutes of debate against the bill.

Mr. STEVENSON. I desire to say one word. The gentleman continues to wave his hand over here. I have been yielding the time, and I have offered it to every fellow over here who has asked for it, who is against the bill, and some of them are still waiting. I could only yield them time as they wanted it.

I can not take them by the nape of the neck and make them speak, and I resent the intimation that we are dealing unfairly with anybody.

Mr. DICKINSON. Mr. Chairman, I call for the regular order.
Mr. STEAGALL. As to the time under our control I yielded—

The CHAIRMAN. The Chair does not think it is within the province of gentlemen to criticize the action of the Chair or gentlemen in charge of the bill. There is one hour of debate after these two gentlemen have consumed their time. It is the purpose of the Chair to deal fairly in this matter, as can be under the existing situation.

Mr. MONDELL. Mr. Chairman—

Mr. YOUNG. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. YOUNG. A parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. YOUNG. Is it true the gentleman promised 35 minutes to the gentleman from Wisconsin [Mr. NELSON] after their two hours are up?

The CHAIRMAN. That is not a parliamentary inquiry.

Mr. MONDELL. Mr. Chairman, if I may be permitted to make a suggestion. There are to be three hours of debate under the rule. Two gentlemen have been recognized. One gentleman is clearly in favor where the other gentleman favors some of its various features, and may I suggest it would be well to yield before the two hours of gentlemen who have been recognized are consumed to a gentleman on the committee who is against the bill—recognize him for an hour and the time then can be divided as the debate goes on.

Mr. McFADDEN. Men against the bill have already had part of the time.

Mr. MONDELL. There has not been any time yielded against the bill. Even with an hour used wholly against the bill the time will be unevenly divided.

The CHAIRMAN. The Chair is of opinion, in order to avoid further confusion, that the hour of the gentleman from Pennsylvania and the hour by the gentleman from South Carolina had better be consumed before taking up—

Mr. MONDELL. Mr. Chairman, that is not the ordinary method of procedure. It is not a fair way of conducting the discussion, and if I may be allowed I would suggest that a member of the committee [Mr. MacGREGOR], who is opposed to it, have recognition at this time and yield some time.

The CHAIRMAN. Does the gentleman from Pennsylvania desire to reserve the balance of his time?

Mr. MONDELL. If the gentleman from New York is recognized at this time debate for and against the bill could go on together.

The CHAIRMAN. Does the gentleman from Pennsylvania desire to reserve the balance of his time?

Mr. McFADDEN. I do.

The CHAIRMAN. Does the gentleman from South Carolina desire to reserve the balance of his time?

Mr. STEVENSON. If I have any time.

The CHAIRMAN. The gentleman has 10 minutes remaining.

Mr. STEVENSON. I will reserve that.

The CHAIRMAN. Is there any gentleman on the Banking and Currency Committee who is opposed to the bill?

Mr. MacGREGOR. I am opposed to the bill.

The CHAIRMAN. The Chair will recognize the gentleman.

Mr. MacGREGOR. Mr. Chairman, without desiring to offend the sensibilities of the gentleman from Idaho, this seems to be an attempt to take the intestinal stamina out of the Federal farm loan act. The farm loan system has been in operation for some six years. It has up to the present time loaned to the farmers of the country something like \$700,000,000. The total mortgage debt of the farmers of the country is \$8,000,000,000. At the present rate of progress, if the doors are opened wide, as is sought by this bill, practically all the farm debt of the country will be within a very few years lodged with the Federal Government. The original proposition, the intention, the idea of the Federal farm loan system was to furnish relief to poor farmers and to reduce tenantry on farms. It was also to inculcate into the minds of the farming community of the country the cooperation idea. Now, this measure seeks to strike out the cooperative idea and to have the Federal Farm Loan Board appoint agents who can make loans directly through the Federal land banks, and it is a very important question as to whether Congress desires to destroy that system, which has been of great benefit, and make it of such a nature that all farm loans of the country shall be practically lodged with the Federal Government and, furthermore, create a vast political machine which will be subject to manipulation by a very few men in the country.

Mr. DICKINSON. Will the gentleman yield?

Mr. MacGREGOR. Briefly.

Mr. DICKINSON. The loan associations of this country, amounting to 4,600, have answered the questionnaire in reference to this agency provision; 1,089 are for the provision and 389 against.

Mr. MacGREGOR. That does not answer the question.

Mr. DICKINSON. It shows they are favorable to it, does it not?

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. MacGREGOR. The gentleman has had a lot of time, and I think gentlemen in favor of the proposition have had an abundance of time.

Mr. STRONG of Kansas. Does the gentleman decline to yield?

Mr. MacGREGOR. I decline to yield.

Mr. STRONG of Kansas. I thought the gentleman would if he got the time.

Mr. MacGREGOR. Now, under the present system the farmers of the communities are required to get together and present their applications for loans as an organization. They are responsible, each of them, for the loans granted through their organization. The only system of agents at the present time is that some financial institution in a community may be appointed an agent, and then if the agent turns that loan into the Federal farm loan system it must become liable for the loan. Now it is proposed that land banks shall appoint agents who do not have any responsibility so far as the loans they secure are concerned, but they go out through the country scouring the highways and byways as representatives of the Federal Reserve Board for the purpose of securing more loans for this system. There is no liability back of these loans secured through the agents coordinate or equal to the liability created through the association. It weakens the very foundation of the system.

Now, to go beyond that, in the creation of the boards of directors of Federal land banks it enlarges the power of the Federal Farm Loan Board. We have at the present time six directors, three elected by the local associations and three appointed by the Federal Farm Loan Board. Now it is proposed that we shall have three appointed by the Farm Loan Board, three elected from the local districts, and one, who shall be chairman ex officio of the land-bank board, appointed by the Federal land board, and so the Federal land board controls the board.

Mr. STRONG of Kansas. Mr. Chairman, will the gentleman yield?

Mr. MacGREGOR. No; I must decline to yield.

Mr. STRONG of Kansas. The gentleman is not stating the facts.

Mr. MacGREGOR. I must decline to yield.

The CHAIRMAN. The gentleman must not interrupt the gentleman occupying the floor without his permission.

Mr. MacGREGOR. Having the balance of power in the board, having the power to appoint these agents throughout the country, they thereby have an excessive power of control, a control over the very fate of it; and the very amendment contained in the act must necessarily, in my opinion, destroy the local association, because no man is going into an association of farmers and become liable for the mortgages which those associations make when he can go to an agent of the system and secure his mortgage and not assume any greater liability than that entailed in the mortgage itself.

Now, take another amendment, and I speak only briefly to these amendments: With reference to the increase in the limitation of the loan, it was the poor farmer who was sought to be aided by this statute, and \$10,000 was placed as the limit of the loan. But now come the farmers of the Middle West, who have inflated the values of their land beyond all comprehension—and they acknowledge it, almost, that they have increased the asking price of these lands in the western country out of all proportion.

Take the situation out in Iowa, for instance, where land worth, two years ago, \$95 an acre is to-day appraised at \$227, and all through that country they have increased the asking price of their land, and therefore they come in here and ask for a greater allowance for the operation of the land. Up in my country any farmer who had a farm that was worth \$50,000 would be regarded as a rich man, and it would not be necessary for him to go to a Government agency in order to secure sufficient funds to finance his operations. [Applause.]

That is how you are going to help the poor farmer! That is how you are going to reduce the number of tenants on farms in this country, by increasing the loan limit! The tendency of an increased loan limit would be to deny to the poor farmer any loan at all, because it will always be easier for these institutions to handle a large loan than a small one,

and when a fellow who wants \$200 or \$300 comes along they will say, "We can not deal with you; we have this fellow, who wants \$25,000, to take care of."

That is an instance of the viciousness of this system. The incentive would be to increase the value of these lands by speculation, because they can secure large loans from the Federal Farm Loan Board on farms throughout the West, and in that way they would go on increasing the value, because they would be able to get the money to finance the operation.

These land boards have put out \$700,000,000. They have had up to the present time very good success. Two years ago they were complaining that they could not get it out fast enough; that they could not float the bonds. But within the last year they have put out \$224,000,000 of it. Seventy-four thousand farm owners during the past year have taken advantage of the system, and it seems to me that that is increasing fast enough for the good of the country.

It is not more credit that the farmers need. It is an outlet for their products. And here they are trying to create more and more debt, and at the same time complain that they are laboring under the burden of present debt.

Furthermore, this creates, as I say, a political machine.

Mr. A. P. NELSON. Mr. Chairman, will the gentleman yield there?

Mr. MacGREGOR. No; I can not yield.

It is detrimental to the poor farmer, and it can not be of any benefit whatever to the great farming communities of the whole country. The poor farmer, the man whom we sought to benefit by the original passage of this act, will not be benefited. [Applause.]

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from New York reserves the balance of his time. Seven minutes remain to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Chairman, I yield five minutes to the gentleman from Wisconsin [Mr. A. P. NELSON].

The CHAIRMAN. The gentleman from Wisconsin is recognized for five minutes.

Mr. A. P. NELSON. Mr. Chairman, in five minutes it would be impossible to make anything like a comprehensive survey of this bill. I want to speak on one or two features that have been proposed. The first thing I want to address myself to is the increase of the loan limit from \$10,000 to \$16,000, and under certain provisions and authority of the Farm Loan Board that limit may be increased to \$25,000.

It is said this will operate against the poor farmer, and the last speaker, the gentleman from New York [Mr. MacGREGOR], said we are trying here by this extension to take care of the rich man instead of taking care of the poor man. We have provided against that possibility by making the provision that the Federal Farm Loan Board shall give preference to loans of \$10,000 and under. Therefore that argument falls of its own weight. And I wish to say further that in this bill we have tried to make the farm loan act operative in the large agricultural centers of the Middle West, where we find that at the present time there is essential need for it in order that the distressing condition of the farmers in that section may be ameliorated.

In the hearings that have been held on this bill and in the statements of the members of the Federal Farm Loan Board and the statements of experienced men who have been out in the field we find all agree and believe that the present limit should be increased and that we should increase the limit from \$10,000 to \$16,000, and under certain conditions the limit should be increased to \$25,000, at the discretion of the Federal Farm Loan Board.

Mr. HUSTED. Will the gentleman yield?

Mr. A. P. NELSON. For a brief question.

Mr. HUSTED. Can not the little farmers get all the help they want now under the law as it stands to-day?

Mr. A. P. NELSON. Yes; up to the limit of \$10,000.

Mr. HUSTED. The man who does not want a big loan can get all the help he wants under the law as it stands to-day?

Mr. A. P. NELSON. Yes. He can get a limit of \$10,000.

Mr. HUSTED. May I ask one more question?

Mr. A. P. NELSON. I have only five minutes.

Mr. HUSTED. This is very brief.

Mr. A. P. NELSON. Very well.

Mr. HUSTED. I want to ask you whether the big farmer who wants a loan of \$25,000 and is strong enough to have it can not get all the relief he needs from other sources without any amendment to this act?

Mr. A. P. NELSON. That may be so, but after you have taken care of the small farmer there is no reason why the man

who needs a larger loan should not have the privilege of getting it in the Federal land-bank system.

Mr. HUSTED. I do not know about that.

Mr. A. P. NELSON. The other thing to which I wish to address myself briefly is this—

Mr. SINCLAIR. Does the gentleman know there are about twice as many applications for loans pending now as the farm-loan banks can accommodate?

Mr. A. P. NELSON. No.

Mr. BEGG. Are they good loans?

Mr. SINCLAIR. Yes.

Mr. BEGG. I should like to know where they are. There is more money available than there are loans.

Mr. A. P. NELSON. The bond market, I think, is sufficient to take care of all loans, both small and large, where the applications can properly pass the scrutiny of the appraisers and Federal land-bank requirements. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. MacGREGOR. I yield five minutes to the gentleman from New York [Mr. MAGEE].

Mr. MAGEE. Mr. Chairman, I desire to make some remarks on the modified proposal of Mr. Ford for the acquisition and lease of Government property at Muscle Shoals. From whatever I may say I trust that no one will draw an inference of any intention on my part to criticize anyone. Mr. Ford, like any other citizen, has the right to submit a proposal to the Government without being criticized therefor, and to drive as hard a bargain as he can. But any citizen has the right to express his views in the premises, a right that I propose to exercise, confining my remarks to the subject matter of the proposal.

Mr. Ford submitted this proposal under date of January 25, 1922. It should be permitted to repose in the legislative wastebasket. An offer is made to form a corporation which will purchase Government property that cost approximately \$85,000,000 for \$5,000,000, payable \$1,000,000 upon the acceptance of the offer and \$1,000,000 annually thereafter until the purchase price shall be fully paid, with interest at the rate of 5 per cent per annum on deferred payments. In a communication from the Secretary of War to the Speaker of the House, under date of February 1, 1922, it is indicated that this property has a scrap value of \$8,812,000 and a sale value of \$16,272,000.

The company agrees to pay \$35,000 annually for repairs, maintenance, and operation of Dam No. 2, and \$20,000 annually for repairs, maintenance, and operation of Dam No. 3, during the lease period. If a dam should be destroyed by violence, by extraordinary flood, or by any other means during such period the Government would have to replace the same. It is estimated that it would cost \$45,000,000 to replace Dam No. 2. This prospective liability of the Government is worthy of serious consideration. The company would pay no taxes on the valuable property leased.

For the purpose of enabling the Government to provide and create a sinking fund to retire the cost of Dam No. 3 at the end of 100 years, the company would pay at the beginning of the fourth year and annually thereafter during the lease period \$3,505, and to retire the cost of Dam No. 2 would pay at the beginning of the seventh year and annually thereafter during such period \$19,868.

Perhaps the most important provision is contained in section 3, providing for the lease of Dam No. 2 and appurtenances for 100 years for the annual rental of 4 per cent of the actual cost of acquiring lands and flowage rights and of completing the locks, dams, and power-house facilities, but not including expenditures and obligations incurred prior to approval of this proposal by Congress, payable annually at the end of each lease year, the construction work to be performed by the company. It will be apparent that this practically amounts to the Government loaning money to the company for 100 years at the nominal rate of 4 per cent. However, the proposal contains several provisions of material financial advantage to the company, which, when given due consideration, means an actual rate of interest materially less than 4 per cent.

The proposal has not now any binding force, because the Government since its submission has entered upon the completion of Dam No. 2. For work during this fiscal year the Congress made an appropriation of \$7,500,000. The Army appropriation bill for the fiscal year 1924 carries an additional appropriation therefor of \$6,998,800, and also an authorization to the Secretary of War to enter into contracts for such machinery, gates, or other metal parts and for such materials to be used in the construction of the locks, dam, and power house as may be necessary to prosecute the said project, and not to exceed in the aggregate \$10,501,200.

Having in view this declared policy of the Congress and appropriations for the completion of Dam No. 2 and the above provision in section 3 that the annual rental of 4 per cent of the actual cost therein referred to shall not include expenditures and obligations incurred prior to approval of this proposal by Congress, it will be apparent that the proposal is as dead as Julius Caesar, as it should be, not being at all in the public interest.

The political force in the proposal is found in section 15, which holds out to the farmers of the country a hope that they may be supplied with commercial fertilizer at fair prices. Under section 14 the company agrees to operate nitrate plant No. 2 at the approximate present annual capacity of its machinery and equipment in the production of nitrogen and other fertilizer compounds, said capacity being equal to approximately 110,000 tons of ammonium nitrate per annum, throughout the lease period. Under section 15 the company agrees that the maximum net profit which it shall make in the manufacture and sale of fertilizer products at nitrate plant No. 2 shall not exceed 8 per cent of the actual annual cost of production thereof.

It will be apparent from examination of these provisions in said sections that while the company agrees to operate said nitrate plant at capacity, it does not agree to sell a pound of fertilizer except upon the basis of a net profit of 8 per cent thereon. This nitrate plant No. 2 is a cyanamid-process plant, a process that is now conceded to be obsolete. Under the modern process of extracting nitrogen from the air, power is not a basic consideration. A plant can be constructed anywhere for the fixation of nitrogen at an approximate cost of \$4,000,000 or \$5,000,000.

It is conceded that the primary power at Muscle Shoals is too valuable to be used for fertilizer purposes. The use of secondary power, being intermittent power, therefore, would have to be supplemented by steam power. A plant thus operated, in the opinion of great hydraulic engineers, could not successfully compete with modern plants using a modern process for the production of nitrogen. (See supplement to House hearings on sundry civil appropriation bill, 1922, 66th Cong., 3d sess.)

No commercial fertilizer has ever been manufactured at Muscle Shoals and, in my judgment, none ever will be. Muscle Shoals is a power proposition. It has never been anything else and never will be. If the Congress should determine to furnish commercial fertilizer to the farmers at reasonable prices, which is most commendable, then the Congress should provide for the construction of modern plants in localities where distribution of products can be readily made. It is futile to attempt to supply the farmers of Kansas, Illinois, North Dakota, Montana, and Oregon with fertilizer manufactured at Muscle Shoals under an obsolete process. However, if Congress is insistent upon entering into a contract with the Ford company and providing for the manufacture of commercial fertilizer at Muscle Shoals, then the contract should require not only the production of nitrogen and other fertilizer compounds at the present annual capacity of nitrate plant No. 2, but also the sale of commercial fertilizer by the company to the farmers of this country, regardless of any profit thereon, and not in excess of the market price thereof.

In my judgment, the hysteria over Muscle Shoals is not worthy of serious consideration. After years of investigation and discussion Congress finally determined upon its policy in reference to water-power development, as set forth in the act approved June 10, 1920. Section 6 thereof provides that licenses under the act shall not be issued for a period exceeding 50 years. No reason can be given why the Congress should now reverse this policy. We should not go along the lines of least resistance. The Government should be administered for the public advantage, not for partisan and individual advantage. It is our duty to tackle the great problems that come before us and solve them solely in the public interest. If we do less than that we fail and insert in the lexicon of the Republican Party a word that Abraham Lincoln struck therefrom more than 60 years ago.

I appreciate that such a solution of the problem would not at all satisfy the clamor of the people individually and selfishly interested in the development of Muscle Shoals. There has existed for some time and still exists an extensive propaganda to induce the Congress to authorize the acceptance of the offer of Mr. Ford. I am informed that within a radius of several miles of Muscle Shoals speculators have prepared maps showing thousands upon thousands of village lots which they have been selling and are still selling throughout the United States at extravagant prices. Nothing would satisfy this individual and selfish demand except tremendous development of Muscle Shoals, including the construction of Dam No. 3 and of Dam No. 1, involving navigation on the Tennessee River.

It is useless to talk about getting satisfactory security for the performance of a contract covering a period of a century. The only adequate security would be a cash deposit, which probably would not be feasible nor desirable. I appreciate that millions and millions of dollars during the war were squandered at Muscle Shoals. However, I am satisfied that at Muscle Shoals exists one of the greatest water-power projects in the world, and that this project, viewed solely from the standpoint of water power, is not a white elephant on the hands of the Government but a great material asset, having a potential value of hundreds of millions of dollars. Several years hence when the Government has completed the project and has an existing property to dispose of the Congress can authorize the Secretary of War to accept the offer that may be of the greatest advantage to the Government, with equal opportunity to all bidders and favors to none.

I predict that there will be no lack of demand for all available water power at Muscle Shoals at reasonable prices. A constantly increasing demand for power will arise within at least a radius of 250 miles. The history of Niagara water power confirms this view. The Niagara Falls Power Co. was the pioneer in developing water power at Niagara Falls, beginning its operations about 1890, when the art was in its infancy. To-day the power at Niagara Falls is insufficient to meet the demands. Much power is obtained from Canada, and large sums have been spent to increase the efficiency of the American plants.

As an illustration of the possibilities at Muscle Shoals, I would remind you that the Government leased for one year from December 1, 1921, to the Alabama Power Co. the steam plant at nitrate plant No. 2. It was found that a complete overhauling and rehabilitation of this plant was necessary, which required four months' time and an expenditure of approximately \$40,000. The power company operated and maintained the plant entirely at its own expense, and under the terms of this lease the company paid into the Treasury of the United States to December 31, 1922, \$218,273.42.

We must not give away this birthright of the Republic. I make no professions of statesmanship, but if I read history aright no real statesman ever kept his ear to the ground listening for public clamor. Rather, men of vision blaze the trail and clear the way for progress. The foundation of every bulwark ever created affecting human rights that has stood the test of time has been equity and justice. In the disposition of Muscle Shoals I ask for equity and justice for the American people and that the action of the Congress shall be based upon the sole consideration of the best interests of our country.

Mr. WINGO. I yield five minutes to the gentleman from Texas [Mr. Box].

Mr. BOX. Mr. Chairman and gentlemen of the committee, it is with considerable hesitation that I disagree with a committee for whose judgment and purity of purpose I have as much respect as I have for this committee. However, such consideration as I have been able to give to this measure makes me unwilling to support it. There are two fundamental objections to it which I will not be able to state in five minutes.

First, it centralizes the power of the whole system in the Federal land bank and the board, and correspondingly diminishes the power of the local associations. My own judgment is that it will result in the destruction of the associations, for it provides an easier method of securing loans through agents in a manner which will weaken the system and the securities it issues. It increases the compensation of agents and removes the liability of agents. It relieves the agent of the obligation to indorse the paper. Here is a thing to which I call attention, which I regard as typical of the spirit of the bill. The same disposition to eliminate the influence and power of the farmer threads through the whole bill. On page 5 of the original farm loan act you have this provision, for instance:

The directors of Federal loan banks shall have been for at least two years residents of the district for which they are appointed or elected, and at least one district director shall be experienced in practical farming and actually engaged at the time of his appointment in farming operations within the district.

That is in the present law and is carefully eliminated from the proposed amendment, not carelessly at all. That is in keeping with many provisions in the bill. The purpose is to destroy or reduce the powers of the farmer in what should remain a farmers' system. My own judgment is that the effect of it will be to diminish the help it will give to the smaller farmers, the farmers who most need it, and to increase the power and the direct financial benefits of those who are stronger. I think the original act was sound in its purpose. My judgment is that this act greatly emasculates it and that it is very fitting that the bill should go somewhat into detail in providing for the dissolution of the farm-loan associations. In my judgment they

will have little office to perform in the future and will pass out of existence.

If provision for them was wisely inserted in the bill as it was written at first, it should remain there at least until it has had a better trial. Certainly it has not demonstrated that it is a failure. The fact that it is there has not destroyed the credit prospects of the concern. It has not destroyed its usefulness, and I greatly fear that the good purpose behind the enactment of the farm land-bank law, which purpose it is serving now, will be in large measure defeated by this amendment to that act. Therefore I shall have to vote against it.

I ask the privilege of extending my remarks in the Record.

The CHAIRMAN. The gentleman asks unanimous consent to revise and extend his remarks in the Record. Is there objection?

There was no objection.

Mr. WINGO. I yield to the gentleman from Virginia [Mr. HOOKER].

Mr. HOOKER. I ask unanimous consent to revise and extend my remarks in the Record.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent to revise and extend his remarks in the Record. Is there objection?

There was no objection.

The extension of remarks referred to is here printed in full as follows:

Mr. HOOKER. Mr. Speaker, quite a number of bills have been introduced in both Houses of Congress relative to credit legislation for the agricultural interests of the country. The Senate has passed two of these measures introduced in that body, one commonly known as the Capper bill and the other as the Lenroot-Anderson bill. Several measures have been introduced in the House and referred to the Committee on Banking and Currency, and the bill now under discussion, H. R. 14270, commonly known as the Strong bill, is the only one of the measures thus far reported. This measure has been so rewritten and amended by the very diligent committee which presents it here to-day that it has been shorn of some of its objectionable features and provisions. It is the object of the Strong bill, as well as of all the bills that have been introduced, to amend the Federal farm loan act. As this measure presents itself here, it undertakes to amend the original act in some very important features. One of these, and one that I think is objectionable and should not be adopted and to which I wish to refer, undertakes to amend section 15 of the original act by adding to it, as follows:

Sec. 15. That whenever it shall appear to the Federal Farm Loan Board that national farm-loan associations have not been formed; or the local national farm-loan association fails, neglects, or refuses to serve properly the needs of its territory in any locality, said board may, after 30 days' notice to said associations, in its discretion, authorize Federal land banks to make loans in such territory on farm lands through agents approved by said board.

Such loans shall be subject to the same conditions and restrictions if the same were made through national farm-loan associations, and each borrower shall contribute 5 per cent of the amount of his loan to the capital of the Federal land bank and shall become the owner of as much capital stock of the land bank as such contribution shall warrant.

The Federal Farm Loan Board shall by proper regulations require each Federal land bank to maintain, out of earnings apportionable to stock acquired on loans made through agents, sufficient reserves to cover and pay delinquent payments on such class of loans.

Shareholders in a Federal land bank under this provision shall be held individually responsible, equally and ratably and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of stock owned by them at the par value thereof, in addition to the amount paid in and represented by their shares.

Such local agents shall serve at the pleasure of the bank and shall give surety bond for the faithful performance of their duties in such sums as the Federal Farm Loan Board shall prescribe and may collect from each borrower at the time the loan is closed such compensation as the Federal Farm Loan Board may approve, not exceeding 1 per cent of the amount of the loan made, with a minimum of \$5 per loan: *Provided*, That no such agent or secretary of a national farm loan association shall engage in making land-mortgage loans through or for any other land-mortgage company or association.

This amendment if adopted would, I fear, strongly tend to undermine and eventually absolutely eliminate the local national farm-loan association feature of the law. In my judgment the local cooperative associations compose one of the chief features of strength of the Federal farm loan system. Under the present method the loans to farmers are secured by an application going to and through the local association composed of the neighbors of the applicant, all of whom are familiar with the property upon which the loan is sought and know the applicant as well. There is very small likelihood of the loan passing the local association unless it is absolutely all right, when each member of that association is, partially, at least, responsible for the repayment of the loan.

The local associations at present are the owners of by far the greater part of the stock in the Federal farm-loan banks,

They are vitally interested in its success. It is their institution; they have the right, or should have the right, to manage it as to them seems proper—certainly when it comes to a question of loans. Likewise they should have the right to select a majority of the directors in the bank of which they are members.

This proposed amendment provides that the local agent which is provided for in this amendment shall serve at the pleasure of the Farm Loan Board. He will be absolutely a creature and an employee of the Farm Loan Board, and the local people will have no power whatever over him. He could approve or disapprove loans at will. He would, under this amendment, have all the powers vested by the law as it now stands in the local associations. He would take the place of the local association—its appraisers, secretary-treasurer, and, in short, have full power over all the applications and loans in his territory. The cooperative feature of the present farm-loan system would disappear under this proposed arrangement. It is contended by the proponents of this amendment that it will not have this effect; that these agents will only be appointed when the local associations are not functioning. In this they are doubtless sincere, but it is almost inconceivable, from a careful study of the system, that this would be the result. As at present operated through local associations, each member thereof is partially responsible for the loans of all the members of that association. Under the proposed amendment the loans would be made direct, or could be made direct through a local agent, and the borrower would have nothing to do with the loans of his neighbors. It would make a strong inducement for borrowers to go around the local associations and go through local agents instead. This feature is being strongly opposed here by many farmers and farm organizations. They see in it the dangers that are here pointed out, and it does seem that their fears are reasonably well founded. This amendment should, I think, be stricken out.

The present farm-loan system has been in operation since 1916 and has proven to be of great value to the farming interests of the country, and from a financial viewpoint at least it has proven successful. An examination of the recent report of the Federal Farm Loan Board reveals a splendid and gratifying record of achievement. It shows that during the past year there were made through this system 74,053 loans, aggregating a total of \$224,301,400, representing, the board states, a complete response to the borrowing demands. The report shows that during the year 1922 there was sold to the public farm-loan bonds totaling the sum of \$278,650,000. The board during the year voluntarily purchased and retired bonds held by the Treasury in the sum of \$70,150,000. The bank was enabled during the year to reduce its loaning rate from 6 per cent to 5½ per cent, and the bond rate was decreased to 4½ per cent. The banks during the year retired Government stock in the total of \$2,333,890. The report further shows that during the year 1922 there was sold, because of defaults in payment, 4,174 farms, the total loans on which were \$15,000,000; and these farms sold in the aggregate for \$39,701,625, showing that the loans on the lands were only 37 per cent of what the lands brought at a forced sale. These figures dispel all doubt that may have ever existed as to the safety of the appraisals of the property on which loans are made and the stability of the system under its present management, applied through the local farm-loan associations. The report shows that all the bonds offered to the public were immediately sold; that, as above stated, the rate to the borrower has been decreased one-half of 1 per cent; that all loans found to be satisfactory were made; that the bank added to its undivided-profits account all the lands purchased at foreclosures and all installments and interest payments more than 90 days overdue; that they paid liberal dividends to the stockholders, added \$1,300,000 to their reserve account, and added \$1,117,597.76 to their undivided profits account.

A splendid and gratifying record, indeed, that the Federal farm-loan banks have to their credit. The usefulness and stability of this system can no longer be questioned. The system has made good, probably beyond the fondest hopes of its original founders. In its brief career it has met with much stubborn opposition. The right of Congress to establish this system has been vigorously assailed and fought out in the courts, but in the face of all opposition it is shown by its actual operations to be sound and stable and of great value to the agriculturists of the country. Under the present system of appraisals and loans through local associations its bonds are among the best sellers on the market. The board reports that the bonds offered have been immediately bought by investors. The confidence of the investing public in the stability of the bonds is, of course, absolutely vital to the life of the system. It can not be successfully contended that the faith of the

investors in the soundness of the bonds would be enhanced by eliminating the local associations and making the loans through local agents.

"Let well enough alone" is an old and true saying, and I think is applicable to the local-association feature of the farm-loan system. The record of achievements by this system in the brief time of its existence, I think, is convincing that if amendments are needed to the original act that the abolition of the local farm-loan association is not one of them. I trust that this feature may be retained in the law and that the farmers in the various localities of the country may retain control, as they now have it through their local associations. There are, of course, defects in this system that should be remedied by Congress, and I trust will be, but I do not regard the local-association feature as one of them.

In examining this measure, the Strong bill, which is now before us, I find one change it proposes to the original act that meets with the approval of the agricultural interests of the country, and that is the proposal to raise the maximum limit of the loan that may be made to one borrower from the present limit of \$10,000 to a higher figure. There seems to be some reason and a considerable demand from agricultural sources for this proposed change. It is properly safeguarded in this bill. It is provided that loans shall not be made in excess of \$10,000 when loans of \$10,000 and under have not been granted. In view of the statement of the board in its recent report that they have no difficulty in securing money to meet all loans, I can see no reasonable objection to increasing the maximum limit, especially when it is proposed to prefer the small loans as against those over \$10,000. The original intention of Congress in enacting this legislation was to help and to encourage those farmers of small means who might not be able to secure desired credit from their local banks and to enable those who do not own farms to secure money on long time to purchase the same. I do not think that this proposal to raise the maximum from \$10,000 to \$25,000 is objectionable, and I should be very glad to see it become part of the law.

In examining the statistics of the Farm Loan Board it seems to me that the system may not be reaching, as yet, as many farmers as it should. For instance, I find from the statistics that in the district that I have the honor to represent here a comparatively small number of farmers are taking advantage of its provisions. I find that in my district only 748 loans have been made by the Federal farm-loan bank since its establishment in 1916 up to October 31, 1922, though the district has a population of over 241,000 and is largely engaged in agriculture. This may be due to the strictness of the Federal appraisements and to the regulations of the farm board, and partly to the fact that the system is comparatively new. I do not believe, however, that the elimination of the local association will increase the number of loans or tend to cause the farmers in greater numbers to take advantage of the provisions of the system.

Let me say further, in passing, that I think the local associations, which are the owners of by far the greater part of the stock of the bank, should have the right to elect a majority of the directors. They own a majority of the stock and I can see no good reason for taking from them the power to elect a majority of the directors. I trust that whatever legislation is adopted by Congress relative to the farm-loan system will leave the local associations intact and will give them the power to select a majority of the directors of the bank. This bill has no provision for short-time credits to farmers, while some other measures that have been introduced and are yet pending before committees have provisions along this line.

There is a strong demand upon Congress to enact legislation whereby farmers may get credit from the farm-loan system on shorter time than the present long-term loan provisions of the law permit and on longer terms than are extended by the National and State banks. Our present banking system consists of the Federal reserve system, including 8,200 national banks; State banks, which number some 20,000, of which about 1,630 have joined the Federal reserve system; the Federal farm-loan banks, with their various local national farm-loan associations; and the joint-stock land banks, of which there are 63. The National and State banks now are the only agencies to which farmers can go for short-time credit. The Federal loan system and the joint-stock land banks furnish the source of long-time credit to farmers. The short-time credits are necessarily limited, particularly in banks of the Federal reserve system, for the reason that paper running longer than six months is not eligible for rediscount with the Federal reserve banks. There is a strong demand for intermediate loans to farmers, loans for longer time than can be reasonably secured from the State and

National banks, and for a shorter time than can now be secured at the Federal farm-loan banks or the Federal joint-stock land banks. There is a gap between these two systems which should be bridged. Some of the measures that are pending before the committees here have provisions that undertake to remedy this defect. The bill before us does not in any wise touch upon that feature.

However, Mr. Speaker, I fear that at this session of Congress no legislation helpful to the agricultural interests of the country will be adopted. The Senate has passed the Capper bill and also the Lenroot-Anderson bill, and they are now before the House Committee on Banking and Currency. If we should pass this bill, it will go to the Senate committee and probably in the short time left before the ending of this session receive no action therefrom. The committee of this House has not reported on any of the others presented to it other than the Strong bill. It seems to me that if we expected to enact legislation at this session, considering the brief time that exists before the final adjournment, it would have been wise for our committee to have brought before us a bill that had already received the favorable action of the Senate. The farmers of the country need the aid of proper financial legislation, and have need of it now. Should this Congress adjourn without the enactment of proper legislation for their relief, it will be practically another year before anything can be done, unless an extra session should be called, which is not likely to be done.

But while I am talking, Mr. Speaker, permit me to digress for a moment to say that all the ills of agriculture can not be cured by extending credit facilities only. Giving farmers a more liberal system of securing money to enable them to produce, harvest, and market in an orderly manner their crops will help immensely. But some better method should be devised for the more economical distribution of farm products. There is far too heavy a toll taken of the products of the farm and field between the producer of them and the ultimate consumer. The farmer is suffering from the inadequacy of prices he receives for what he grows, and the village, town, and city dweller who buys and consumes these products is complaining—and justly complaining—of the high prices he has to pay for them. Both complaints are justified by the real facts.

There is necessarily something wrong somewhere when apples that grow in the orchards of Virginia within from 100 to 300 miles of Washington are sold at the orchards at from \$3 to \$5 per barrel and the consumers of this city have to pay at the rate of from \$15 to \$30 per barrel. There is something wrong, unequal, and unjust somewhere when the cattle growers of Virginia are getting from 5 to 10 cents per pound for their cattle and the consumers in Washington and other near-by cities are paying from 25 to 40 cents per pound for beef. And what is true of apples and beef is true of all the other products of the farm. This is not the problem and grievance of the farmers only; it is the problem and grievance of all classes of people of the country. For, after all, this tremendous enhancement in the price of the products from the farm to the ultimate consumer touches the pocketbook of every householder in the Nation. One of the contributing causes of this great increase in cost is the very heavy transportation charges. There can be no question but the freight and express rates are heavy and excessive, and the reduction of these whereby farm products could be transported at less cost would greatly aid in alleviating the situation. It is easy to at least partially account for the increased cost of the apples between Virginia and Washington when I tell you that a grower of apples in Patrick County, Va., has to pay \$2.28 express charges per barrel to get them to Washington. If a grower produces at any sort of profit, the cost of transportation has to be charged up to the consumer. If he does not, he is producing at a loss. This is an instance that serves to illustrate how high transportation rates militate against both producer and consumer.

Permit me to say one other thing that this Congress could do and should do before it adjourns. The offer made by Henry Ford to take over Muscle Shoals should be accepted. The operation of this plant under Ford's offer would cheapen the cost of the farmer's fertilizers, reduce his expenses, and permit him to furnish his products to the consuming public for less money. It is in this case as in all others, where the farmer is helped the consumer is likewise benefited. So far as surface appearances, at least, go in this House, there remains but little open opposition to the acceptance of the Ford proposition. To those of us who are deeply interested in the Ford proposal great encouragement was felt when the distinguished chairman of the Committee on Appropriations [Mr. MADDEN] recently made a strong statement on this floor favorable to its acceptance. Likewise other leaders on the majority side have expressed favorable views toward the project; but as the

days go by and the time for adjournment draws nearer and nearer we are becoming fearful that another session of Congress will adjourn without passing the necessary resolution accepting Ford's proposal. There can be but little question but the sentiment in favor of it is overwhelming in this body, and none doubt if it were permitted to reach a vote on this floor that it would pass; yet, for some reason it is not permitted to be considered here.

No more serious problem confronts the country to-day than the placing of the farming interests on a permanently profitable basis. All classes of people and all lines of industry are vitally interested in the welfare of the agricultural interest of the country. There can be no general prosperity in other lines of activity when the farmers of the country are producing the necessities of life at a loss. The business of the country can not get back to "normalcy" until the farmers get up with it. It is absolutely impossible to have general, stable prosperity and normalcy in other lines of business when the farmers are producing the necessities of life under losing conditions. If it is the desire of those who control this administration to stabilize business and bring about normal conditions, the effort should begin with the basic industry—agriculture.

Mr. Speaker, let me urge upon the Members of this body the importance of enacting into law before this session ends the much-needed financial legislation being demanded by the agricultural interests of the country and to pass the resolution accepting the Ford offer. These are to-day the most vital and important matters before us, and it will be unfortunate, indeed, for Congress to adjourn without the final passage of these important measures.

Mr. WINGO. I yield the remainder of my time to the gentleman from Texas [Mr. HARDY], in opposition to the bill.

The CHAIRMAN. The gentleman from Texas [Mr. HARDY] is recognized for five minutes.

Mr. HARDY of Texas. Mr. Chairman and gentlemen, I have five minutes in which to speak upon this bill, but the gentleman from Texas [Mr. Box] has practically said just what I would have said. We have a law on the statute books that has been functioning for some time, and according to my understanding it is admitted that it has functioned well. There has been a vast volume of farm loans placed under the law as it now stands, and the law as it stands now has created more than 4,000 farm-loan associations, through which associations every loan has been placed. There is some complaint that some of these associations are made up of Lutherans, who will not accommodate a Presbyterian. [Laughter.] My county is more liberal than that; we have plenty of Presbyterians, and if they can not get into a Lutheran or a Baptist association they will form one of their own. [Laughter.]

I want to make a prophecy that if this bill goes into effect, in four years from now—yes, in two years from to-day—there will not be a local farm-loan association functioning in the United States. [Applause.]

Mr. DAVIS of Tennessee. Will the gentleman yield?

Mr. HARDY of Texas. Yes.

Mr. DAVIS of Tennessee. I believe the gentleman is correct, but if they eliminate the best of the farm-loan systems, will not they go forward and establish a cooperative system?

Mr. HARDY of Texas. That may be, but I want to abstain from criticizing the purpose of anyone. If the present associations are given a way by which they can dissolve and get stock in a farm-loan bank, they will do that. Another thing, when they appoint an agent who is paid by a fee and whose fee depends upon making the loan, it is easier to make the loan than through an association where everyone is held in a way responsible for the loan.

Mr. SMITH of Idaho. But the agent does not appraise the land.

Mr. HARDY of Texas. The land may be appraised, but you know, if you have had any experience in land loans and things of that kind, that it is very hard for an appraiser that does not know fully how valuable a tract of land is; if the agent is anxious to negotiate the loan and wants to make it, he will give the preference to the larger loan instead of the smaller loan because he would thereby get a bigger fee. Now I want to say that I question the sincerity of no man who advocates this bill, and as far as raising the limit to \$25,000 in those sections of the country where land is high to-day, I have no objection. My sole objection is that the working of this bill will be the dissolution of the local farm-loan associations, and my prophecy is that you will see that to be the case.

Mr. KINCHELOE. Will the gentleman yield?

Mr. HARDY of Texas. Yes.

Mr. KINCHELOE. This agent does not function until after the local association has refused the loan.

Mr. HARDY of Texas. You will not have any local association. Every local association can dissolve and liquidate and get stock of the farm-loan bank. You yourself, as one of 10 responsible for the joint performance of all 10 to the extent of 10 per cent of your stock, would be glad to surrender your stock in the local association and receive in exchange for it stock in the loan bank.

Mr. KINCHELOE. The gentleman is arguing what will be the effect of it and not stating the provisions of the bill.

Mr. HARDY of Texas. That is the effect and I am telling you what I think these provisions will do; what I think perhaps most of the proponents of the bill will admit that it will do.

Mr. McFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. BEGG].

Mr. BEGG. Mr. Chairman and gentlemen of the committee, in order not to leave any misunderstanding in the minds of my colleagues I want to say to you that I know something about the operation of the banks, because I have paid for my experience. I am president of a joint-stock land bank. I believe I am better qualified to judge of the effect of these provisions than many who are advocating these measures. I would prefer to have the farm-loan bank continue to prosper and grow than to have happen just exactly what the gentleman from Texas, Judge HARDY, stated would happen in his speech a minute ago, namely, the elimination of the land associations of 10 or more for the purpose of borrowing money. They now are clean competition.

Let us see exactly what is the underlying principle of this farm-loan bank. Availability of money to be borrowed on long-time credit with a security so that the securities can be marketed at a distance in order to get more capital to go back and reload 1,000 or 2,000 miles away. If you destroy the security of the bonds, if you weaken in any way the security of those bonds you will just as sure, as Judge HARDY said, see the bonds depreciated, and we can not market the farm-loan bonds unless below par.

That is my only selfish interest in this bill. I am frank to admit that I want to defend the market of the joint-stock land bank bonds, as well as I do of the Federal farm-loan bonds, because they are on a par. One does not sell above the other. If you destroy the market for bonds, you have destroyed the source of supply for the borrowing public, and you have ruined the thing that you have created to make available capital for the farmer who needs money on long time and can not get it out of his commercial bank. I think I know a little bit about the banking business, though not much. I know a good deal from the borrower's side, and I am interested in a way in the commercial banking business. I would not want any better bonanza to kill your institution than to be made the agent in my county for the Federal farm-loan bank under this bill that you are undertaking to pass. And why?

You start a farm bank in any community and you can get more applications for business than you can get capital to loan, but when you take your inspector out to find out what those applications represented, you will find that 75 per cent of them are not worth the paper they are written on.

Mr. STRONG of Kansas. Mr. Chairman, will the gentleman yield?

Mr. BEGG. I can not yield at this time. Suppose this becomes a law, they can appoint an agent in every county of the United States. Let us look at the thing in a practical way. Who is going to be the agent? You go into my county and you appoint a gentleman who represents a life insurance company or a banker, and if you appoint anybody else you may as well put in a wooden man. If you want an agent in a community, you want somebody who is going to get business; and who is the man who can do that? He is the man who is in touch with the borrowing public, and only those two kinds of men are available. I represent, we will say, a life insurance company—or, better, let us say that I am a banker and that I am loaning money on commercial paper. A good application comes in for a \$10,000 loan at a good rate of interest, 6 per cent or 5½ per cent, and do you think I am going to take that over to the Federal farm-loan bank? Not on your life. However, if John Smith, out here in the country, who has a reputation for never paying any of his debts and whose borrowing reputation is bad, whose land is poor and who is starving to death, comes in and says to me that he wants to borrow \$10,000 on his hundred acres of land, then I naturally reply to him that I am sorry, that we are loaned up to the limit in my bank, but that I can get it for him, and I refer him to the Federal farm-loan bank,

and get my 1 per cent commission. My good friend from Idaho [Mr. SMITH] asked a question a few moments ago. He said, "Yes; but the agent does not appraise."

Do you know that no man on a salary ever did a job of loaning money as carefully as when he is loaning his own money? There is not a man living who can come into my county whom I can not stick on the value of land, because there will be a farm in some part of the county worth \$175 an acre, while over the fence the land is not worth \$75 an acre. That happens also in Michigan, because we make some loans in Michigan, and I know something about the land there, and I suspect that same thing happens in every State of the Union. After all is said and done, this law was not passed to send the Government out to solicit business, but it was enacted to make funds available to the man who wanted it and could not get it as cheaply or on as long a time as he wanted from any private source. I believe the Government has discharged its responsibility when you make available funds so that the borrowing public can get the money as cheaply as they can get it anywhere in the money market, and on as long a term. I believe the Government has discharged its obligations to the great borrowing public when it has done that, and I do not believe the Government obligation goes to the extent of sending out solicitors to solicit a man to borrow money.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. BEGG. Yes.

Mr. STEAGALL. If the gentleman will turn to page 11 of the bill, line 10—

Mr. BEGG. I will ask the gentleman to hurry up with his question.

Mr. STEAGALL. I just want to set the gentleman right.

Mr. BEGG. Oh, I have that page all marked up.

Mr. STEAGALL. I read from line 10, page 11—

Provided, That no agent or secretary-treasurer of a national farm-loan association shall engage in making land-mortgage loans through or for any other land-mortgage company or association.

Mr. BEGG. But a land or mortgage company is not a bank.

Mr. STRONG of Kansas. Mr. Chairman, will the gentleman yield?

Mr. BEGG. I yield briefly.

Mr. STRONG of Kansas. Does not the gentleman know that loans made through agents under this bill are inspected in the same way that loans are that are made by agents of joint-stock land banks?

Mr. BEGG. That is not necessary to answer. My colleague from New York answered that a little while ago. I want to get back to my subject. The only thing that makes the Federal farm-loan bank system as successful as it has been is the confidence of the buying public in the bonds of the farm-loan system, and in the stability of the security. What have they done in this amendment they are seeking to put through? It is an amendment to provide for the soliciting of business from the borrowing public.

MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. LONGWORTH having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed without amendment the bill (H. R. 13128) authorizing an appropriation for the construction of a road within the Fort Apache Indian Reservation, Ariz.

The message also announced that the Senate had agreed to the report of the committee of conference to the bill (H. R. 13481) making appropriation for the Department of Agriculture.

The message also announced that the Senate had passed the bill (S. 3973) to remit the duty on a carillon of bells to be imported for the House of Hope Church, St. Paul, Minn., in which the concurrence of the House of Representatives was requested.

FEDERAL FARM LOAN ACT.

The committee resumed its session.

Mr. MacGREGOR. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. YOUNG].

Mr. YOUNG. Mr. Chairman, I want to add one word to what the gentleman from Ohio [Mr. BEGG] has said, in reply to the gentleman from Kansas [Mr. STRONG], who said that the joint-stock land banks act through private agents, and that because, as he claimed, the joint-stock land banks act through private agents the Federal land banks can safely do it. There is an essential, a fundamental difference. The joint-stock land banks are owned by private individuals. The men who manage them are themselves the owners of all the stock. These privately owned concerns, when they send out agents to do business for them, act the same as a big privately owned loan company does, like an insurance company does. It is idle to say that the Fed-

eral land banks, which are managed by men who have not a dollar invested in the banks, can do business through agents, appointed sometimes for political reasons, with the same safety as the joint-stock land banks who function through privately appointed agents.

The gentleman from Kansas [Mr. STRONG] says this system was patterned after the German system. There was a good deal of talk at the time this law was first passed that it was fashioned after the French and German systems, but the most important thing that made the systems of those two countries successful was never adopted here at all, and that was for these banks to permit deposits from farmers. The time came in Germany and France when they got more money on deposit for loaning to farmers than they got out of the bonds they sold. That made these concerns real farm banks, where the farmers themselves could have something to say about making rates. It was their bank. They were in large part loaning their own money. Whereas the original bill introduced here years ago provided for deposits, it was cut out later by the committee and not reported to the House. Just so long as the farmers have a system such as we have here at this time that does not permit deposits, all they can do is to sell their credit. The rates of interest are going to be made by somebody else. The rates are going to be made by men who have money to loan.

The farmer is going to be in the position he is in when he tries to sell anything, and that is the other fellow fixes the price. According to the present law the farmers are not permitted to make deposits and they are not permitted to own stock excepting while they are borrowers.

Mr. Chairman, to my mind the best safeguard of the present system is going to be stricken down if we pass this bill, which provides for the creation of private agents who can take the business away from the loan associations because they can relieve the borrowers from much of their liability.

Mr. STEVENSON. Will the gentleman yield?

Mr. YOUNG. I have not the time. I can not very well. And if you take over the business of these local associations, you take away the best safeguard we now have against losses. Why do men invest their money in these bonds at this time? Because they know that every man who makes application for a loan is being watched by his neighbors. He knows the neighbors have to guarantee that loss to a certain extent. That is the safeguard, that is the thing that has made these bonds sell. There is no question about it. The men of money in the United States, who have money to invest, are not going to invest in a proposition unless it is sound. The reason they have bought these bonds is that they know that they have something better than the agent who goes out, who may be fooled or who may be dishonest; better than the safeguard of that agent who inspects the farm land is the safeguard furnished from the fact that his neighbors must go on his paper and guarantee the loss. The privately appointed agent is bound to get the business. That is very clear, because he can tell the borrower that he is only going to be liable on his 5 per cent of stock in case the Federal land banks in the United States fail. I will ask some gentlemen who defend this bill to get away from that fact if they can.

Mr. STRONG of Kansas. What is that? I am ready.

Mr. YOUNG. The privately owned agent can tell the borrower that he has 5 per cent of liability, not only as against the default of his neighbors but also in case of the failure of the land banks. Whereas if they do business through the agent, what might be called his liability for the default of his neighbors? He will get the business.

Mr. Chairman, under the present law the borrower becomes liable if any default occurs in his own neighborhood. That is what inspires confidence and sells the bonds. That is why men like HOMER SNYDER, a hard-headed business man, buy the bonds. They buy them because they know men living in the locality have an interest in scrutinizing every loan, because if there is a default in the interest of a neighbor he becomes liable on his stock.

Mr. SNYDER. Since the gentleman has mentioned my name, regardless of how many of these bonds I have bought, I want to say that he is making a splendid statement and I agree with every word of it.

Mr. YOUNG. There is absolutely no question but that the agent can get all the business, because he can show every farmer he has a very remote liability on the 5 per cent of stock so far as the chance of the Federal land bank becoming insolvent is concerned. It is only in case the Federal farm-loan bank failed that loss will be incurred. No loan association can do business against that kind of argument. It will offer a competition that will be deadly. It will destroy the association. The local association will undoubtedly be wiped out,

and when that is wiped out the bonds will fail to sell in the United States, and when the bonds fail to sell the farmers can not borrow. So you are striking a deadly blow not only against the loan associations but against the farmers themselves. And you people of the East who have bought these bonds, you should hesitate to take action which may deprecate the value of the land-bank bonds now in the hands of your constituents.

The key to the success of the present system is the local association.

It is a question of whether the man who borrows will be liable to that association and liable to a certain extent for the debts of his neighbor farmers, or whether he is going to be relieved of that liability and have only that remote liability by reason of the possibility that the big Federal farm-loan bank will fail, and which the ordinary farmer believes, at least, will never break.

Now, I want to suggest again: A farmer can not put a price on anything he sells. He can not put a price on anything he buys. The price is put on the things the farmer buys by those who make those things. On the contrary, on what they sell to the other fellow they can not fix a price. When it comes to the question of the farmer's personal credit, there also the rate of interest is fixed by somebody else. And so long as we can not get a better arrangement than this, to my mind it is very essential for the farmers that the security they have to offer, that the credit they have to sell is put in a form that will be the very best, that will offer the very best security, and therefore command the very lowest possible rate of interest.

Now I will yield to the gentleman from Kansas [Mr. STRONG] if he wishes to ask me a question.

Mr. STRONG of Kansas. No; I do not care to, except to say to the gentleman that the members of the Farm Loan Board who came before our committee, in the presence of the 12 farm-loan banks all insisted that this does not do away with the farm-loan association.

Mr. YOUNG. The gentleman may have been fooled, just as he claims the rest of us have been fooled by the letters we have received from our districts.

Mr. STRONG of Kansas. By propaganda.

Mr. YOUNG. I think it is just as inexcusable to be fooled by members of the Federal Farm Loan Board or those in the management of the Federal land banks as it is for some of us to be fooled by farmers who write to us. The gentleman from Kansas [Mr. STRONG] has not convinced me that the members of his committee possess a greater degree of intelligence than the rest of us.

Mr. STRONG of Kansas. Will the gentleman yield there?

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. McFADDEN. Mr. Chairman, I yield to the gentleman from Nebraska [Mr. McLAUGHLIN].

The CHAIRMAN. The gentleman from Nebraska is recognized.

Mr. McLAUGHLIN of Nebraska. Mr. Chairman, introductory to my remarks on the pending bill I wish to read a resolution recently adopted by the Nebraska Legislature on the 15th day of January, 1923. The resolution is as follows:

THE LOAN LIMIT OF THE FEDERAL LAND BANK SHOULD BE INCREASED TO \$25,000.

Resolution.

Whereas the agricultural and live-stock industries, being the chief productive industries of Nebraska, are seriously threatened and endangered by reason of the general depression in values; and

Whereas there exists an urgent need among owners of land devoted to agriculture and ranching activities throughout Nebraska for loans in excess of the present limit of \$10,000 to any one person, which amount is entirely inadequate for purposes of restocking the ranges, and now in force by the Federal land bank system in the district in which Nebraska is situated.

Resolved, That the House of Representatives of the State of Nebraska calls upon the Representatives in Congress for the State of Nebraska and urge the Representatives in Congress and other neighboring States similarly situated as in Nebraska in regard to this problem to direct their best efforts toward securing authority, through national legislation, empowering the Federal land banks to raise this limit to the sum of \$25,000 to any one landowner or borrower; and be it

Ordered, That attested copies of this resolution be sent by the clerk of the house to the Senators and Representatives from this State in Congress and to the Federal land banks at Omaha and Lincoln.

LINCOLN, NEBR., February 13, 1923.

I hereby certify that the foregoing resolution passed the Legislature of Nebraska at the forty-second session held in the city of Lincoln on the 15th day of January, 1923.

Chief Clerk of the House.

It has been my conviction for the past four years, as many Members of the House know, that the Federal farm loan act should be amended so as to permit maximum loans of \$25,000. The sentiment in this direction has grown within that time until

the demand for the increase on the part of the Federal farm land banks and the farmers is unanimous.

The success of the Federal farm-loan banks has been so pronounced that any doubt concerning the workability and practicability of the system no longer remains. The contention of those who have argued in the past that the banks should be made to serve only the small borrowers is, in my judgment, without foundation at this time. The resources and possibilities of the Federal farm-loan system are such now that with the restrictions removed the entire agricultural borrowing needs can be served. Nothing human is perfect, and it is no discredit to those who drafted and passed the Federal farm loan act that restrictions were placed in the measure which proved a handicap rather than a help, and I hope, since the imperfections have been discovered, that this Congress will have the wisdom to remedy them.

In the State of Iowa the farm units which pay the largest returns average 240 acres to the farm, and the average value of land, including buildings, in the State of Iowa is \$227.09 an acre, making the value of a 240-acre farm \$54,000. Many hundreds of farms in the State of Iowa have a greater value than \$54,000. The average-sized farm in the State of Iowa is 156.8 acres. Inasmuch as the Farm Loan Board has restricted loans on any farms to a maximum of \$100 an acre, it follows that a loan of at least \$15,000 is necessary to take care of the average Iowa borrower, while thousands of farmers having the larger and more profitable unit of 240 acres can not be accommodated unless they can borrow at least \$25,000. The average value of the farms in Iowa is \$38,941, so that the present \$10,000 limit is wholly inadequate to serve the needs of the Iowa farmers. The average value of a South Dakota farm is \$37,837; Nebraska, \$33,771; and Nevada, \$31,546. This large value of the average Nevada farm is due to the fact that the average farm acreage or unit in Nevada is 745 acres, but the man on the larger number of acres stands in just as great need of a long-time loan at a low rate of interest as the man on the small farm.

Under the present farm-loan system 141,000 farms in Illinois, 24,000 farms in Iowa, 59,000 farms in Minnesota, 23,000 farms in Texas, and 25,000 farms in Missouri can not receive any benefits of the Federal farm loan act. Figures with reference to a score of other States would be in the same proportion. The experience of the Federal farm loan banks since the law has been in operation shows that it is necessary to make loans in the more highly developed agricultural sections of the country in order to properly take care of the smaller farm units in the less productive sections of the country. Loans only to those sections of the country where land values are low and production limited result in a loss rather than a profit.

Bond offerings necessary to take care of the small loans must be floated in the more highly developed agricultural sections and the profits made on loans in the more highly developed sections are sufficient to make up the losses sustained on the lesser loans, so that it is positively necessary to the future growth and success of the Federal farm loan banks that the maximum loan be raised to at least \$25,000 in order to serve the needs of even the smaller farm units in an economic manner.

The experience of the Federal Land Bank of Omaha, in the eighth district, is no doubt similar to that of the other district banks. The benefits of the Federal Land Bank at Omaha can best be illustrated by comparing it with the joint-stock land banks operating in the same territory and which receive their funds from the same source—from the sale of tax-free bonds. The following table is based upon the amount of loans now on the books of the Federal land bank. The rate of interest on joint-stock land bank loans is figured at 6 per cent, as that is the rate of all loans in joint-stock land banks up to about three months ago:

Average rate of interest, Federal land bank loans (\$6,000,000 at 5 per cent, \$20,000,000 at 6 per cent, and \$40,000,000 at 5 1/2 per cent)	per cent	5.59
13 per cent dividend reduces net interest to borrowers	per cent	.31
Net rate for year 1922, Federal land bank loan	per cent	5.28
Joint-stock land bank rate	per cent	6.00
Making a difference in rate in favor of Federal land bank borrowers of	per cent	.72
72 per cent of \$75,000,000 (amount of Federal land bank loans)	annually	\$540,000
After paying 13 per cent dividends in 1922 there remained net profits on hand for the year of		208,000
Total saved Federal land bank borrowers, year 1922		748,000
Total saved Federal land bank borrowers in five years		3,744,000

It will be observed from this statement that borrowers in the Federal land bank at Omaha save seventy-two one-hundredths of 1 per cent per annum, which amounts to an annual

saving of \$540,000 on the \$75,000,000 in loans. When there is added to this the additional profits of the bank for the year 1922 amounting to \$208,800 after paying a 13 per cent dividend, we find an actual annual saving to the borrowers of \$748,800 per annum. In five years this will amount to \$3,744,000. What excuse can be offered for the Government giving joint-stock land banks the privilege of tax-free bonds and then protect them from competition by the Federal land banks on loans above \$10,000, thus making it necessary for borrowers who need more than \$10,000 to pay seventy-two one-hundredths of 1 per cent per annum more for a loan than they would pay through the Federal land bank? I desire to place in the RECORD here the concrete case of William G. Hall, which is only one among many that could be cited in various parts of the country.

William G. Hall is a farmer living 6 miles south of Massena, Cass County, Iowa. He is 53 years of age and a widower, his wife having died nine years ago. His family consists of eight children, four boys and four girls, as follows: Irene, age 30; Bernard, 24; Stella, 22; Gladys, 20; Lloyd, 17; Frank, 15; Clifford, 13; and Evelyn, 11. Evelyn was only 2 years of age when her mother died, but Mr. Hall, with the help of his older daughters, kept his family together and has made an effort to keep them all at home. Irene is married and lives in Minnesota; the rest of the family are at home.

Mr. Hall started farming for himself shortly after his marriage, when he was 21 years of age. He tells me that he had not a thing but a span of horses and some farm machinery. He rented land for awhile and afterwards had a chance to buy 80 acres on time at \$31.50 an acre. Later he traded that 80 acres for 160 acres close by.

Mr. Hall is a hard-working, thrifty man and a first-class farmer, and with the help of his family and by close application and economy he managed to finish paying for his 160 acres about five years ago. His older children had then grown up and he could not keep them all employed on the 160-acre farm. He rented some adjoining land for awhile, but about that time found it impossible to rent anything close by, so he was up against the proposition of letting his boys leave the farm and hire out, and his daughters also, or buy more land. Like all good farmers should, he wished to keep his boys on the farm. He knew that if he did not have work for them they would soon drift to the cities where wages are higher. He knew that the boys would not stay on the farm unless there was some good prospect of their becoming farm owners themselves.

Land had become high, and he knew that the only way they could become farm owners was for them to buy more land while they were all working together as one family, go in debt for it, and work together until it was paid for. So he found an opportunity to trade his 160-acre farm at \$225 an acre for a 400-acre farm, on which he now lives, at \$200 an acre. His present farm is a good one, has always been well kept, and suits him very well. He farms it all with his own help; he does not hire a dollar's worth of labor. He and his family get up at 5 in the morning, milk the cows, do the chores, get out in the fields early, give good attention to his live stock; and, while they work hard, they are happy and contented with the thought that in the course of time, with good fortune, they can get out of debt, and when the boys and girls get married and start out in life they may become farm owners and people of standing and influence in the community in which they live. There is not a family in Cass County, Iowa, that takes better care of their farm and live stock, or are better neighbors, or stand higher in the community in which they live, than this Hall family.

In making the trade for this 400-acre farm Mr. Hall assumed mortgages amounting to \$42,000, bearing 5 per cent per annum, maturing March 1, 1922. Those loans became due March 1, and Mr. Hall has been looking about during the past six months to find as good terms as possible for renewing the loans. A life insurance company offered to renew one \$32,000 loan at 6 per cent, with a commission of \$1,120. His banker told him, however, that he thought money rates would be better, and that later on he might be able to get a loan of \$40,000, which was the amount he now needed, all in one loan at a better rate than 6 per cent; at least, that the commissions would be smaller. Temporary arrangements were made March 1 through his local bank at Massena, Iowa, to allow the present mortgages to stand for a few months.

In endeavoring to secure the best rate of interest and the best terms of renewal on his farm loan, Mr. Hall recently called upon Wray Wilson, secretary-treasurer of the Massena National Farm Loan Association, to see if he could secure a loan through the Federal Land Bank of Omaha, and the following conversation took place between him and Mr. Wilson:

Mr. HALL. Mr. Wilson, loans amounting to \$40,000 are due on my farm, and I wish to get a new loan. What rate of interest is charged by the Federal Land Bank of Omaha, which you represent?

Mr. WILSON. The Federal land-bank rate is now 5½ per cent. The Federal land bank is owned by borrowers and is operated on the co-operative plan. All profits belong to borrowers, and the net profits are amply sufficient at the present time to reduce the interest rate to a net rate of 5 per cent to borrowers.

Mr. HALL. How do you figure that out?

Mr. WILSON. The Federal land-bank bonds are now selling at 4½ per cent. The experience of the Federal Land Bank of Omaha for the last five years shows it can operate on a margin of ½ per cent; that is, ½ per cent of the amount of loans in force will pay the operating expenses of the bank and a dividend to the borrowing stockholders equal to the interest charged by the bank. Another ½ per cent is amply sufficient to cover annual reserves that should be laid aside as a surplus or safety fund. The cost of operation, ½ per cent, added to ½ per cent for reserves plus the bond rate of 4½ per cent makes a 5 per cent loan rate to borrowers.

Mr. HALL. I understand that a borrower must purchase stock in the Federal land bank amounting to 5 per cent of his loan. Are the affairs of the Federal Land Bank of Omaha in good condition?

Mr. WILSON. Yes; a recent statement of the Federal Land Bank of Omaha shows that with \$64,000,000 in loans in force May 1 there was only \$1,630 interest past due more than 90 days. It has never had a foreclosure. All of the activities of the bank are under control and supervision of the Federal Farm Loan Board, a bureau of the United States Treasury.

Mr. HALL. I understand you to say that the net interest costs to a borrower of the Federal land bank is now 5 per cent per annum.

Mr. WILSON. Yes; Federal land-bank bonds sell at 4½ per cent, and ½ per cent is amply sufficient to pay expenses, accumulate reserves, and return to borrowers the interest charged on their stock.

Mr. HALL. Well, that is by far the best loan that I can get. I have tried everywhere during the last six months. You may take my application for a loan of \$40,000.

Mr. WILSON. I am sorry, Mr. Hall, but the Federal Land Bank of Omaha is not allowed to loan more than \$10,000 to one borrower.

Mr. HALL. Is that so? I am greatly disappointed. Your description of this loan looks so good that I hoped I would not have to look further.

Mr. WILSON. Yes; the terms of our loan are good also. It is on the amortization plan. By paying 3½ per cent of the principal semiannually for 34½ years, your loan will be paid in full, principal and interest. You would have the right also to make additional payments on the principal any time after five years. By paying a small bonus, the privilege is usually given of making payments before five years.

Mr. HALL. Well, this is surely disappointing. I thought I could get a loan under the Federal farm loan act.

Mr. WILSON. Well, you can get a loan under the Federal farm loan act through a joint-stock land bank.

Mr. HALL. What is a joint-stock land bank?

Mr. WILSON. Joint-stock land banks are corporations organized with private capital for profit, by authority of the Federal farm loan act, to make loans. Although the cooperative Federal land banks are not allowed to loan to one borrower more than \$10,000, joint-stock land banks may loan any amount up to \$50,000 to one borrower.

Mr. HALL. Are there any joint-stock land banks making loans in this territory?

Mr. WILSON. Yes; there are several of those banks that make loans in Iowa.

Mr. HALL. What rate of interest do they charge?

Mr. WILSON. Their interest rates to borrowers are the same in all joint-stock land banks, 6 per cent per annum.

Mr. HALL. Does the borrower share in the profits of the joint-stock land banks?

Mr. WILSON. No; all the profits of joint-stock land banks belong to the stockholders of those banks.

Mr. HALL. I would have to pay 6 per cent interest per annum then to a joint-stock land bank without any reduction in any way?

Mr. WILSON. Yes; 6 per cent per annum semiannually during the term of the loan.

Mr. HALL. I would save \$400 per year then if I could make my loan with the cooperative Federal land bank?

Mr. WILSON. Yes; and in addition the accumulated profits in the Federal land bank would also be loaned out and help to reduce the net interest cost still more. In the course of time the income on the accumulated profits of the Federal Land Bank of Omaha will be sufficient to pay all the expenses of the bank, and loans can then be made to borrowers at the same rate that is paid by the Federal land bank on its bonds.

Mr. HALL. From what source do the Federal land banks and the joint-stock land banks obtain funds to make farm loans?

Mr. WILSON. They both obtain funds from the same source; namely, from the sale of their bonds to investors.

Mr. HALL. Are the bonds of the Federal land banks and joint-stock land banks exempt from taxation?

Mr. WILSON. Yes; the bonds of both kinds of banks are alike exempt from taxes of all kinds—Federal, State, municipal, and local. Bonds of both Federal land banks and the joint-stock land banks have equal privileges under the law. Both are declared by act of Congress to be instrumentalities of the Government. The bonds of both bear the certificate of authority of the Federal Farm Loan Board.

Mr. HALL. Now, according to what you say, I lose \$400 a year, or \$4,000 in 10 years, by not being allowed to get my loan from the Federal Land Bank of Omaha. Who gets this \$400 a year or \$4,000 in 10 years? What benefit does the Government obtain from me having to pay this \$400 a year?

Mr. WILSON. This \$400 a year, or \$4,000 in 10 years, extra cost to you goes to the stockholders of the joint-stock land bank of whom you obtain your loan. The money is obtained from the sale of tax-free bonds in both cases, so there is no advantage to the Government in either case.

Mr. HALL. Why, then, should I pay this tribute of \$400 a year, or \$4,000 in 10 years, to the joint-stock land bank?

Mr. WILSON. I have asked that same question hundreds of times and have never gotten a satisfactory answer.

Mr. HALL. If Congress would amend the Federal farm loan act to allow Federal land banks to make loans up to \$50,000, the same as the joint-stock land banks, I would not then have to pay this tribute of \$400, or \$4,000 in 10 years, to the joint-stock land bank, would I?

Mr. WILSON. Of course not. Farmers would all get their loans where they could get them the cheapest. There then would be open

competition between both classes of banks. Now the farmers' cooperative Federal land banks are not allowed by law to compete with the joint-stock land banks, which are organized by private capital for profit, in loans above \$10,000.

Mr. HALL. You say that both Federal land banks and joint-stock land banks obtain funds for loans from sale of tax-free bonds. The Federal land bank makes loans for 5 per cent per annum, while the joint-stock land banks charge 6 per cent per annum. The joint-stock land banks must make large profits.

Mr. WILSON. Yes; I understand they do make large profits. The First Joint-Stock Land Bank recently advertised the sale of \$700,000 additional stock, which they sold at \$135 per share, with a par value of \$100. In their prospectus advertising sale of this stock they stated that the bank has always paid dividends at the rate of 8 per cent per annum. Stock issued at par, \$100, three years ago is now worth \$135, a profit of \$35 per share in three years, or about 12 per cent per year, which, added to the annual dividends of 8 per cent, makes an annual profit on this stock of 20 per cent. I understand that the president, Guy Huston, and Vice President Schee are each paid salaries of \$25,000, making \$50,000 annual salaries for both of those officers. Other salaries are in like proportion. The entire operating expenses of the Federal Land Bank of Omaha for the year 1921 were only \$112,295. This includes all salaries and expenses, including appraisal costs, and expenses of attorneys in examining titles. The annual salaries of two officers of the joint-stock land bank was almost half as much as the total annual expenses of the Federal Land Bank of Omaha.

Mr. HALL. Does the law restrict in any way the profits of the joint-stock land banks?

Mr. WILSON. The only restriction is that the joint-stock land banks shall not charge borrowers more than 1 per cent above the interest rate on their last bond issue.

Mr. HALL. You told me awhile ago that the Federal land bank bonds sell at 4½ per cent. How, then, do joint-stock land banks charge 6 per cent on farm loans?

Mr. WILSON. The First Joint Stock Land Bank of Chicago recently sold a large issue of 5 per cent bonds at 103½, which would be the same as a bond bearing 4.6 per cent for the 10-year period until the bonds are callable. This, of course, would be a spread of 1.4 per cent per annum between the bond rate and the farm-loan rate. Loans are now being made by that bank at 6 per cent per annum on the 33-year amortization plan. Any time after 10 years the 5 per cent bonds can be called in and new bonds issued in their place, probably at a much lower rate.

Mr. HALL. Is not such a transaction an evasion of the law prohibiting more than 1 per cent per annum between the bond rate and the mortgage rate?

Mr. WILSON. Mr. Huston, president of the First Joint-Stock Land Bank of Chicago, has the reputation of being a prominent financier. Perhaps he would call the transaction referred to a bit of successful financing.

Mr. HALL. Now, I find that I lose \$400 per year, or \$4,000 in 10 years, by being forced to make my loan through the joint-stock land bank and not being allowed to make my loan through the Federal Land Bank of Omaha. How can the law be changed to save me this \$4,000?

Mr. WILSON. By an act of Congress amending the Federal farm loan act.

Mr. HALL. Congress made this law as it is, did it not?

Mr. WILSON. Yes.

Mr. HALL. Do you think Senators and Members of Congress would be willing to change the law if they learned of the great injustice being done to the farmers like myself?

Mr. WILSON. Repeated attempts have been made by hearings before the Banking and Currency Committees of the House and Senate to have the law amended, with no results.

Mr. HALL. For what purpose was the Federal farm loan act made a law?

Mr. WILSON. The act states that it was intended to furnish better credit facilities to farmers.

Mr. HALL. It seems to me it should be entitled "An act for the benefit of stockholders of joint-stock land banks."

Mr. WILSON. It does seem to work that way.

Mr. HALL. Are there not many men situated like I am, who would be saved large sums of money if they were allowed to make loans through the Federal land banks instead of being obliged to make loans through the joint-stock land banks?

Mr. WILSON. There are thousands of men like you who are prevented from obtaining loans in the Federal Land Bank of Omaha by reason of this \$10,000 maximum loan limit.

Mr. HALL. Would not Congressmen and Senators listen to an appeal of those men to remedy this unjust provision of the law?

Mr. WILSON. Congressmen and Senators would listen if those borrowers were organized and had some one to earnestly present their case in Congress.

Mr. HALL. Do the joint-stock land banks have anyone to look after their interests?

Mr. WILSON. Yes; the 35 joint-stock land banks in the United States have a national association and maintain a highly paid and expensive lobby at Washington to look after their interests. Mr. Guy Huston, president of the First Joint Stock Land Bank of Chicago, is president of this national association.

Mr. HALL. You mean that they use the excessive profits that men like me are compelled to pay to influence legislation at Washington against my interest?

Mr. WILSON. Yes.

Mr. HALL. What would you advise me to do?

Mr. WILSON. If I were you, I would write to every Congressman and Senator from Iowa, telling him your case plainly, and ask him if he will do anything to help you; if not, why? I would write to the farm papers asking them to invite their readers who are situated as yourself to write Congressmen and Senators also. I would take the matter up with the Farm Bureau Federation, farmers' union, and other farmers' organizations. I think if public opinion, especially among the farmers, was thoroughly aroused, Congressmen and Senators would give some attention to amending this law and allow farmers like yourself to obtain their loans through their own cooperative land banks and thus save themselves millions of dollars annually that are now going into the pockets of stockholders and officers of joint-stock land banks.

Mr. HALL. In what manner would an increase of the maximum loan limit of the Federal land banks affect small borrowers?

Mr. WILSON. The Federal land banks handle applications and make loans to large and small borrowers alike. They now operate on a very

small margin of expense. There is just as much expense in making a \$500 loan as making a \$50,000 loan; by increasing the size of the average loan the margin of expense would be reduced, thereby greatly benefiting the small borrower.

Mr. HALL. I lose \$400 per year by not being allowed to enter the cooperative Federal land bank. Now, my oldest son, Bernard, is of age, and I have agreed to pay him wages while he works with me on the farm. The prevailing rate of farm wages here is \$35 per month and board for nine months. He does work out part of the time and turns his wages back to me to help meet our payments. Now, my son Bernard would have to work a whole year at that rate to pay for this extra \$400. When the war broke out Bernard was one of the first to enlist. The other boys were small then, and I did not like to spare them, but I did not think it right to prevent his going when the Government needed his services. Now, as I understand it, the Government is, by act of Congress, obliging one of my boys to work a whole year for the benefit of the stockholders of a joint-stock land bank.

Mr. WILSON. Yes; that is true.

Mr. HALL. How can this be remedied?

Mr. WILSON. Congress can remedy it by amending the act.

Mr. HALL. Do you mean to say that our Iowa Congressmen, whom we farmers have elected to represent us, are allowing this thing to continue? How can they allow one of my boys to work every year for 10 years to pay this \$400 per year to the stockholders of a joint-stock land bank when I could have saved that amount by getting my loan through the farmers' cooperative Federal land bank? What can we do about it?

Mr. WILSON. Secretary-treasurers of all the national farm-loan associations in the Omaha land-bank district recently held a meeting at Omaha. They discussed the things that you and I have talked about. They decided that there was only one way to secure relief, and that was to form an organization of secretary-treasurers and with their united strength and with the help of the farmers that are members of their national farm-loan associations bring the matter forcefully to the attention of Congress. We formed an association of secretary-treasurers and each agreed to pay out of his own pocket, as they are not allowed to use association money, one-fifth of 1 per cent of the capital stock of the association of which they are secretary-treasurers. This fund will be used to enlighten farmers regarding the true situation. A number of farm papers have agreed to help us. There are thousands of men in this district who are situated just as you are. Their cases will be reported, and every farmer in Iowa, Nebraska, South Dakota, and Wyoming will know the true situation. We think by this way some results will be obtained. We have given up all hope of getting results in any other way. It was decided upon at this meeting of secretary-treasurers that efforts should be centered upon a program for the accomplishment of three things:

First. An increase in the loan limit, giving farmers the right to choose whether they obtain their loan through a cooperative Federal land bank or through a joint-stock land bank. They should not be kept out of the Federal land bank and forced to obtain a loan through a joint-stock land bank.

Second. The experience of the Federal Land Bank of Omaha shows that the interest rate to borrowers can be safely reduced to 5 per cent per annum. By reducing the rate to 5 per cent per annum, other loan institutions will be obliged to make the same rate, hence it is much better to reduce the rate directly to 5 per cent than to make a 5½ per cent rate and return the extra earnings in dividends, making a net 5 per cent rate. We will ask that the farm loan rate be reduced to 5 per cent.

Third. The term of one member of the Farm Loan Board expires in September, and an effort will be made to prevent the appointment of any man on the board who is not friendly to the farmers' cooperative Federal land banks.

Mr. HALL. You say that the term of one of the present members will expire September 1, and that his successor will be appointed very shortly.

Mr. WILSON. Yes.

Mr. HALL. Is it important that members of the Farm Loan Board be friendly to the Federal land banks?

Mr. WILSON. Yes; the Federal Farm Loan Board at present appoints the officers and directors of the Federal land banks. They establish the rate of interest to charge borrowers. They have complete control of all the activities of the Federal land banks. It is very important that members of the Federal Farm Loan Board be in earnest and be sincere friends of the cooperative Federal land banks.

Mr. HALL. Who are the candidates for appointment on the Federal Farm Loan Board to fill this vacancy?

Mr. WILSON. Captain Smith, the present member, is from Iowa and a candidate for reappointment.

Mr. HALL. Has Captain Smith been friendly to the Federal land bank system?

Mr. WILSON. I understand that he has been, and is a very good friend of the farmers' cooperative Federal land banks.

Mr. HALL. Are there any other candidates for this appointment?

Mr. WILSON. Yes; the Iowa delegation in Congress has recommended Willis Stern, of Logan, Iowa, for this position.

Mr. HALL. Who is Willis Stern?

Mr. WILSON. He is abstractor at Logan, Iowa, and has been for the past 10 years or more a member of the Republican State central committee for the ninth congressional district.

Mr. HALL. Is Mr. Stern friendly to the Federal land banks?

Mr. WILSON. He has been closely associated with his brother, Almor Stern, for over 30 years. Almor Stern has the most extensive farm loan business in Harrison County, which business he has been engaged in for over 30 years. Almor Stern is a member of the American Farm Mortgage Bankers' Association, which has fought the Federal land bank system ever since it has been established. When the Logan National Farm Loan Association was organized about five years ago, Almor Stern made every possible effort to discredit its organization. He even placed an advertisement in the Logan Observer, which stated in effect that the 5 per cent stock taken by a borrower making a loan in the Federal land bank was so much commission paid on the loan. He has been the most bitter enemy to the Federal land bank system in Harrison County. While we can not prove any personal act of hostility by Willis Stern against the Federal land bank, he has never turned his hand to help introduce or establish the system.

Mr. HALL. Are there not men in Iowa whose record is conclusive evidence that they will be friendly to the Federal land bank system if they are appointed to the position?

Mr. WILSON. Yes; there are hundreds of able, energetic men, who are faithful and true friends of the interests of the farmers of Iowa, who would make excellent members of the Farm Loan Board.

Mr. HALL. Why is not a man of that kind recommended by the Iowa delegation and appointed by the President?

Mr. WILSON. The recommendation and appointment seems to be based more as a reward for political services than from the standpoint of the good of the farmers of Iowa.

Mr. HALL. Don't you think that the farmers of Iowa should be informed of the way their interests are being endangered by members being appointed on the Federal Farm Loan Board that are not friendly to their interests?

Mr. WILSON. That is one of the things that this organization of secretary-treasurers of national farm-loan associations has in mind.

The Federal Land Bank of Omaha has paid dividends from the start of at least 6 per cent per annum, a part of the time 8 per cent, and during the past year 10 per cent, with an extra 3 per cent cumulative dividend, making a total of 13 per cent for the year 1922. In addition to this the bank has \$500,000 in reserves, as required by law, and \$208,800 in undivided profits, all of the reserves and undivided profits belonging to the borrowers and being loaned out for their benefit. The percentage of cost of operation is annually becoming lower. The latest bonds, which bore $4\frac{1}{2}$ per cent, furnish the cheapest money ever available for farm purposes in the Middle West. The cost of operation is about one-fourth of 1 per cent per annum, which makes it possible to loan to the borrowers at 5 per cent net.

I am at a loss to understand why some of my colleagues argue that the farmer on a farm valued at \$50,000 or \$60,000 should be compelled to go to a joint-stock land bank or insurance company or some private loan company and pay 6 per cent or more for his loan, while at the same time the man living on a \$10,000 or \$15,000 farm should be permitted to use the Federal farm land banks and secure an amortized loan at 5 per cent. Proportionately, the man on the more valuable farm is in just as great need and in just as hard circumstances as the man on the smaller farm, and experience out in the Central States convinces me that often the owner of the larger land unit is in even greater need of a loan than the one who has the smaller unit, and since it has been proven that all can be taken care of if the restrictions are removed, in my judgment there is no excuse for further delay on the part of Congress.

While the question of the constitutionality of the act was under consideration there was justification for delay, but since the act has been declared constitutional and since recent experience shows that the Federal land-bank bonds are in great demand, there can be no further excuse for delay in increasing the maximum loan from \$10,000 to \$25,000.

An offering of \$75,000,000 of $4\frac{1}{2}$ per cent Federal land bank bonds was sold at par on the first day they were placed on the market in the spring of 1922. Again, on September 24, 1922, \$75,000,000 more of $4\frac{1}{2}$ per cent bonds were sold at a price of 101 $\frac{1}{4}$, the entire issue being subscribed during the forenoon of the day the sale was conducted. In the face of this record can anyone consistently doubt that sufficient funds can be raised at any time to supply the entire borrowing needs of agriculture?

This movement for the increase of the maximum loan from \$10,000 to \$25,000 has been approved by the great majority of the farm organizations of the country. As early as 1917 the Federal Farm Loan Board made the following statement in their annual report:

Moreover, in some sections where land values are high and farms are expensively equipped, many farmers, if they need to borrow at all, need to borrow more than \$10,000. Such loans are often exceptionally well secured and desirable, and there seems to be no sound reason why the Federal land banks be prohibited from handling these loans. We, therefore, recommend that the Federal farm loan act be amended by striking out "\$10,000" and inserting in lieu thereof "\$25,000."

Again, in the second annual report, dated November 30, 1918, we find the following words:

Experience indicates the very decided advisability of a modification of the minimum and maximum amounts of loans which were fixed in the act at \$100 and \$10,000; we are strongly of the opinion that these limits should be made \$500 and \$25,000.

Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Nebraska asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Pennsylvania is recognized.

Mr. McFADDEN. Mr. Chairman, I yield to the gentleman from North Dakota [Mr. SINCLAIR].

The CHAIRMAN. The gentleman from North Dakota is recognized.

Mr. SINCLAIR. Mr. Chairman and gentlemen, I simply want to ask unanimous consent to extend and revise my remarks in the RECORD.

The CHAIRMAN. The gentleman from North Dakota asks unanimous consent to revise and extend his remarks in the RECORD. Is there objection?

There was no objection.

The extension of remarks referred to is here printed in full as follows:

Mr. SINCLAIR. Mr. Speaker and gentlemen of the House, it seems to me to be ill-advised at this time for the Congress to attempt to amend a law that has functioned so well for the brief period since it was enacted. We should remember that this law was created during the most abnormal time in the world's history. Ever since its passage the World War and its effects have upset all economic conditions. Yet we find from the report that the system placed nearly a quarter of a billion dollars' worth of loans to farmers during the past year. This is the largest year's business done in its history and nearly one-third of the total business done by the Federal land banks since their organization.

In the face of this record, however, the proponents of this bill (H. R. 14270) known as the Strong bill give as the principal reason for its adoption that the Federal farm loan act is not functioning properly and that the amendments proposed in the bill are urged in order to make the law more workable. In my judgment, the law has never been given a fair chance to operate and has only now come through the organization stage and is prepared to handle the business in such volume as its supporters claimed for it when the system was adopted.

There has been loaned to 232,543 farmers the aggregate sum of \$684,407,289, an average loan of slightly less than \$3,000 each. There have been so far no losses and very few foreclosures, notwithstanding the calamitous period through which the farmers of the United States have passed the last two years. Loan mortgage companies that have been in business for 25 years have not such a splendid record as this. Great credit is due the men who have been in charge of the work in the several land banks. They have acted conservatively in the placing of loans. Many of us in the Northwest think they have been too conservative, but the extent of the safety in the operation of this business has not been due all to management but also to the excellent protective provisions of the act itself. The capital stock of the several land banks is provided for by 5 per cent subscription from the amount of the loan extended to each borrower. This gives every one of the borrowers an interest in the bank. At the present time these borrowers or stockholders have paid into the capital and surplus about \$36,000,000. There remains but \$3,000,000 of the capital advanced by the Government originally to the banks to be repaid by the stockholders. In other words, the farmers own 90 per cent and the Government 10 per cent of the present capital of the 12 Federal land banks. This system is really a big cooperative—the largest in the United States. Consequently, the theory underlying the present law, and I believe the purpose of the incorporators of it, was to have the Government teach the farmers who needed loans to pool their credit cooperatively, and thus obtain farm loans at the lowest possible rate of interest.

Instead of the Government's becoming more and more paternalistic and exercising greater power over the system, the idea was that the Government should gradually withdraw from the system, until finally it might have only advisory and supervisory powers. H. R. 14270 contemplates just the reverse of this, and in my opinion is repugnant to the whole theory on which the Federal farm-loan system is founded.

There are two outstanding reasons why this bill, seeking to amend the farm loan act, should be defeated. First, it will take the control of the system entirely out of the hands of the farmer stockholders, and place it in the hands of the Farm Bureau here in Washington. Through the system of agents, provided for in one section of the bill, this bureau could and would become the most far-reaching political machine ever yet devised. No advocate of this bill has as yet satisfactorily answered the question of the gentleman from Michigan [Mr. KETCHAM] as to where the actual control of the several land banks would be vested under the proposed plan of nominating directors. It is not doubted in the minds of any that if this bill becomes a law the power to control the policy of the banks will be centralized in the Farm Loan Board. The farmers who paid in the \$36,000,000 capital will find that they have furnished all of the money, and will have the least to say as to what will be done with it.

Second, the appointment of agents to solicit business and make loans direct to farmers will destroy the local farm-loan associations because of the lessened liability of the borrower. At this time every loan must be made through a local association, and each member of the association is liable for the default of any other member. This provision not only insures a more conservative valuation of the property offered as security for the loan but in addition it requires a higher standard of integrity among the applicants. These features are not overlooked by the bond buyers, and they are one of the strong fac-

tors in lowering the rate of interest on the loans. Of course, a borrower would prefer to get his money direct, without further liability for his neighbor; so all the new business would be done through agents, even though the associations were allowed to continue. Eventually the loans so made would be less and less desirable to bond buyers and a higher rate of interest would be exacted. This would be true because it would be the natural desire of the agent to make bigger loans and more of them in order to earn a larger commission for himself. But the worst feature of this arrangement, from the standpoint of the borrower, would be the destruction of all cooperative progress made in the past five years. If the problems of the farmer are to be solved and his condition improved in order to keep pace with modern business advancement, not only must he hold fast to the measure of cooperation already obtained but it is imperative that he organize into cooperative units for the purpose of marketing his entire product and controlling his credit.

The Government can pass emergency legislation to give temporary relief, but the fundamental basis upon which future prosperity for agriculture must depend will come through self-help methods. It is the business of Congress to provide the necessary legislation to enable the farmers' cooperative organizations to control their own business. The proposed measure, if enacted, would be a backward step.

The statement has been made that opposition to the Strong bill arises from mere propaganda. I have in my district 90 Federal farm loan associations. From these I have received over 60 letters, representing as many associations, condemning on behalf of the members this bill in the strongest terms. I would like to inquire of those making the above statement whether such an expression, coming directly from the farmers themselves, who are the ones most vitally concerned in the matter, is "mere propaganda." I for one give them credit for being alive to the dangers confronting them in the passage of such a measure. I am informed also that many other Members of Congress have received protests from their associations. I most earnestly hope that the Congress will protect the interests of the farmers by defeating this bill.

Mr. McFADDEN. Mr. Chairman, how much time have I?

The CHAIRMAN. The gentleman has 11 minutes remaining.

Mr. McFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. LUCE].

The CHAIRMAN. The gentleman from Massachusetts is recognized for 10 minutes.

Mr. LUCE. As a member of the subcommittee which redrafted this bill it probably behooves me to say a word in its behalf. As in the case of all important legislation involving much detail, this bill is a compromise. It contains things which, if taken singly, would in many instances not have been acceptable to those who undertook the work of bringing their minds together. I have failed to hear this afternoon a single criticism or objection which did not receive earnest and lengthy consideration by those who undertook to work out a solution. Many hours were passed in considering these very objections, and when we at last reached an agreement it was with the knowledge on the part of every one of us that, could he have written the bill himself, it would in some detail have been different.

There is, of course, in such a juncture as this a grave danger that gentlemen will allow their objections on the score of individual particulars to outweigh other features that they may grant are advantageous. I dwell on this simply in order to assure you that those who have spent days and weeks in trying to reach agreement have, in my judgment, been assiduous, earnest, conciliatory, and working for the public welfare. In this matter we have been constantly in touch with the Farm Loan Board. This very admirable system was blessed by fortune in that it was put into the hands of a remarkably public-spirited group of men, who have been zealous to the extreme in attempting to perform their duties in a way that would carry out the will of Congress and benefit the people.

They include in their number some exceptionally able administrators, and under their guidance and with their advice we have reached this conclusion that we lay before you. Time does not permit me to answer arguments in detail. In the few minutes at my command I would address myself to one general phase of the situation. I find myself in almost complete accord with what was said by our fellow member of the committee [Mr. MacGREGOR] and others who have regretted to see here what they think is an end to the association idea. I heartily agree with the gentleman from North Dakota [Mr. Young]. They fail to recognize the facts of the case. They are unable to see that this association idea will not be killed by this bill. The trouble is that the association idea is already

dead, or at any rate moribund. The figures show that not one of these associations in ten can secure the attendance of a quorum at an annual meeting. They show that as soon as men receive their loans they lose all interest in the association. There are a few that are trying to carry out the original purpose of the law. I would that the critics of this bill had devoted their time and energy to devising a remedy. They should have recognized that the original purpose of the system has been thwarted, that we are all disappointed because the cooperative idea has not herein succeeded. I have my own views as to the remedy. I wish time might permit me to tell you how in my own State we have saved the cooperative idea. I would extol the desirability of injecting into this system the principle of thrift. It seems to me the attempt at cooperation was foredoomed, because the system as put into effect confined the local investment of the money to those who borrow, because it did not have recourse to such supplies of capital as exist in every town, village, and hamlet in the country, because it did not enlist the cooperation of philanthropic citizens, the townsfolk, the merchants, the professional men who joined with us in our cooperative banks in Massachusetts in cultivating cooperative thrift.

I think that is the great weakness of the system. But as it is, with the system not accomplishing what it was meant to accomplish, our duty as practical men is to meet the facts of the case, and the facts of the case, in my judgment, can warrant no other conclusion than that which we have embodied in these changes that we lay before you.

Mr. HUSTED. Is the system functioning well at the present time?

Mr. LUCE. In my judgment the system is not functioning as its founders contemplated, as I say it might function, and as I would be glad to have it function.

Mr. HUSTED. Is it functioning prosperously at the present time? That is, are they making loans and meeting all demands?

Mr. LUCE. The system is functioning prosperously, using the word as a financier uses it. It is not functioning prosperously from the philanthropic point of view. It is not reducing tenantry, it is not helping large numbers of young men to acquire farm holdings.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MacGREGOR. Mr. Chairman, how much time remains?

The CHAIRMAN. The gentleman from Pennsylvania [Mr. McFADDEN] has one minute remaining and the gentleman from New York [Mr. MacGREGOR] has 25 minutes remaining.

Mr. MacGREGOR. I yield 25 minutes to all who are opposed to the bill excepting myself. As I understood it the time allotted to me was for the use of those who are opposed to the bill.

The CHAIRMAN. The gentleman was recognized in opposition to the bill for one hour.

Mr. MacGREGOR. Gentlemen on the other side of the aisle desire to use some time, and I want to yield to the gentleman from Alabama [Mr. Steagall], who is against some features of the bill, but I do not want him to yield to those who are in favor of the bill.

Mr. WINGO. I understand the gentleman is going to use all the time himself. Possibly that simplifies the situation.

Mr. STEAGALL. I am going to yield five minutes to the gentleman from North Dakota [Mr. Burtness].

Mr. MacGREGOR. Is the gentleman going to yield the balance of the time to those on his side who are opposed to the bill?

Mr. STEAGALL. I am going to use the other 20 minutes myself.

Mr. MacGREGOR. I yield to the gentleman from Alabama [Mr. Steagall] the balance of my time.

The CHAIRMAN. The gentleman from New York yields 25 minutes to the gentleman from Alabama [Mr. Steagall].

Mr. STEAGALL. I yield five minutes to the gentleman from North Dakota [Mr. Burtness].

Mr. BURTNESS. Mr. Chairman and gentlemen, it is impossible for me to give you my views with reference to all the provisions of this bill in five minutes. There are a number of provisions in the bill which I think are very meritorious and which I trust I may have an opportunity to vote for, but there are some provisions, and at least one, in the bill which to my mind are so vicious and which so change the present system that I can not possibly vote for the bill unless it is substantially amended when the bill is read under the five-minute rule.

First, I want to touch briefly on the provisions relative to the appointment of agents. I commend the gentleman from Massachusetts [Mr. LUCE] for the fact that he is at least, as I view his remarks, frank with the House, for he has conceded,

as I gather the import of his remarks, that in his opinion the associations are failing to perform their duties, and for that reason it is desired eventually to do away with the associations altogether and to allow all the work in the future to be done by agents who may be appointed, and that this is the beginning of a movement to that end. Other speakers on behalf of this bill have denied that proposition upon the floor and have contended assiduously that this bill would not tend to destroy the associations either in the immediate future or eventually. I want to say to you that there is no question in my mind that if we are to appoint agents to any appreciable extent such system will operate to destroy the associations eventually, and I can not help believing that such was the intent of the bill in the first instance. I refer, of course, only to section 5 of the bill. I think that contention is amply sustained by the provisions which are found in the first two bills that were introduced upon this proposition, including the bill which was first favorably reported by the Committee on Banking and Currency, H. R. 14041, which was reported to the House, for in that bill you find absolutely no safeguards whatsoever relative to the appointment of agents.

Under the provisions of that bill, by the same author and favorably reported by the committee, an agent could be appointed without any showing whatsoever to the effect that the associations were not functioning in their respective communities.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. BURTNESS. I have not the time to yield.

Mr. STRONG of Kansas. The gentleman is mistaken, that is all. I rose to correct the gentleman.

Mr. BURTNESS. An agent under that bill could be appointed any time, as desired by the board. Several safeguards have, however, been inserted in this bill. Suggestions have been made to the effect that loans can not now be made in certain quarters. That is true, but I submit to you that in most of the cases it is not due to the way in which the business of the associations is managed, but rather due to the fact that the demand for loans has been much greater than could possibly be met by the system. Let me read to you a portion of a letter from a very able and active secretary-treasurer of one of these associations in my State. He says this:

As suggested before, there have been and are still in force rules which hamper the associations from functioning properly and which prevent them from taking care of the demands for loans originating in their territories. The first of such rules is the arbitrary allotment of a limited number of applications per year to each association. Last year each association was allotted 20 loans when we should have had at least 300. The year before we were allowed 8 applications to handle at least 200 requests. This arbitrary rule, of course, prevented the association from meeting the demands made upon it for loans, but no rational person can blame the association for that.

I think if you investigate each case where complaint is made that an individual farmer has been unable to get some attention you will find that as a rule the cause is not the failure of the secretary-treasurer or of the association but, rather, due to the fact that they have so many demands for loans that they could not put them all through. I appreciate the fact that once in a while you will find some secretary-treasurer who will not give a square deal to his community. He sometimes plays favorites, he may be lazy or incompetent, he may not be interested in the clientele of an opposition bank, he may allow petty and personal prejudices to warp his judgment. I have no objection to attempt to remedy the defects found so long as we do not create worse ones. I think it should be made plain to every officer of an association that he must not play favorites; that he must deal fairly with every applicant, no matter who he may be. But is it proper and advisable to-day to do away with the fundamental principle that underlies this legislation—this entire farm-loan system as I understand it to be—and proceed in such a way that in the future the cooperative associations will be at an end and displaced by agents anxious to make loans for the commissions provided? For instance, if there is any community where an association is not giving applicants a square deal or is not doing business, the Federal land bank could send out some tactful representative to investigate and see what the trouble is; and if the people of one church have formed an association and refuse to allow the people of another denomination to get into that association, it ought not to be difficult to proceed and get another association organized to take care of the demands.

It may be that eventually we will find that associations can not function permanently and that all the business should be done through agents. Surely the record of the system defies any such suggestion at this time. If that time comes, we can meet it. I do not believe that we can have agents and associations working side by side without making formations of new

associations impossible. Oh, they reply that when new borrowers are taken care of through agents 10 of them can later form an association. Remember that the borrower's incentive to do so is gone the minute he gets his money. Ninety per cent of the borrowers are not interested in their investment in the stock of the bank—they connect themselves up with the system because they want a loan. Unless he becomes a member of an association when he gets his loan not one out of a hundred will become so later.

Let me quote from a letter written me by Mr. Samuel Torgeron, a prominent resident of my district and a member of the executive council of the St. Paul Land Bank. He writes:

We had a meeting of the executive council of the Federal Land Bank of St. Paul somewhat over a week ago for the purpose of discussing certain amendments and new legislation with reference to the land bank. Of the six amendments proposed, we favored all except the last one. This we unanimously voted to oppose. The reason is this: The amendment provides that loans can be made through agencies as well as through local associations. The result of that would be that all loans would practically be made through agencies hereafter and the local associations with their cooperative feature would be destroyed. We all felt that this was a radical change in the methods adopted, and that the cooperative feature is a very favorable feature to safeguard loans and make the success of the Federal land bank assured.

Lack of time prevents my quoting from other practical business men, bankers, and farmers who have contact with the system as it works in the field.

If a member of the committee does not do so, I shall move to strike out all of section 5 at the proper time. Let us retain the opportunity for these associations to increase and develop in the future if for no other reason than as lessons in cooperation for our farmers. If they learn to cooperate in their associations where they have made at least a fair start it will be easier for them in a larger field. [Applause.]

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. STEAGALL. Mr. Chairman, I yield two minutes to the gentleman from Arkansas [Mr. Wingo].

Mr. WINGO. Mr. Chairman, I was not in the room when the gentleman from Texas [Mr. Jones] made his statement or I should have made this statement that I am now about to make at that time. I regret very much the misunderstanding and display of temper upon my part. I wish to express to the committee my regret and for my violation of the proprieties and the rules of the House. I thought I had made a frank and manly statement of my position with reference to the control of time, and I thought the gentleman from Texas was questioning my good faith, so naturally resented it. I understand that he says that that was not the case. I join with him in expressing regret to the committee for the occurrence. [Applause.]

Mr. STEAGALL. Mr. Chairman and gentlemen of the committee, I appreciate fully the great benefits of the farm-loan system and I have high regard for those in charge of the system. It is a source of regret that I do not agree with them in all their views. I am opposed to one of the provisions in this bill. I favor the bill in other respects in its entirety. The basis of my objection and my only objection to the measure is the amendment governing the maximum amount of loans which Federal land banks are permitted to make.

The original law fixed the maximum amount of loans at \$10,000. The present measure under consideration sets \$16,000, generally speaking, as the maximum amount of loans which the banks are permitted to make, and adds a proviso that loans may be authorized by the Federal Farm Loan Board to the maximum amount of \$25,000 where, in their judgment, the application discloses that the loan is for proper purposes and that its allowance will be beneficial to the cause of agriculture. Stated briefly, the bill authorizes the raising of the maximum amount of loans from \$10,000 to \$25,000. I do not think this change is wise or that it will redound to the promotion of the purposes for which the farm-loan system was established.

The farm-loan banks were granted the privilege of issuing tax-free securities. They were granted other governmental favors in the matter of salaries and expenses of some of the officials of the system, aid was extended by the Government in providing capital stock for the initial capital stock of the various land banks, and other Government aid to set up the system and keep it going. We justified the participation of the Government in this system and the favors shown it upon what I believe to be grounds of sound public policy and national welfare, the underlying thought being to take care of the small farmer and to make it possible for the ever-increasing horde of tenant farmers in the country to purchase farms and become home owners and home builders. I think the favors shown by the Government in the establishment of the Federal land-bank system were entirely and fully justified, but I ques-

tion seriously whether we ought to increase the maximum amount of loans to be made 150 per cent at this time, when the system may be said to have barely been started and set going. I fear we may get away from the purpose to care for the needs of the small farmer or tenant who is trying to become an independent home owner. Until his needs are supplied we can not risk the success of our efforts in his behalf to aid the owner of a farm worth \$50,000. That is what a man would have in to order to obtain a loan of \$25,000.

Mr. TILSON. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. TILSON. Is it a fact that the total amount to be loaned is strictly limited so that an unlimited number of larger loans can not be made?

Mr. STEAGALL. I do not quite catch the gentleman's question.

Mr. TILSON. In other words, will the raising of the limit to larger loans take all the money that is available?

Mr. STEAGALL. I am coming to that. We provide that preference shall be given to applications for loans of \$10,000 and under, which upon its face might seem to take care of the small borrower or the small farmer. But gentlemen who have kept informed of the progress and development of the farm-loan system and difficulties in the way in recent years and during the time following the decision of the Supreme Court in which the validity of the statute was involved, will remember that the demands of the system as it now exists far exceeded the ability of the banks to take care of their applications for loans. The validity of the act was sustained, I think, in February, 1921, and in May the first bond issue was sold to the extent of \$40,000,000. At that time the banks had applications for loans aggregating a much larger amount. Later on they sold \$75,000,000 of bonds, but at that time they had something like \$150,000,000 of applications for loans. The representatives of the Farm Loan Board came before our committee, and stated to us when we were making efforts to put the system to going and to provide methods by which the banks might take care of the applications for loans—representatives of the Farm Loan Board insisted that they could not successfully arrange for the sale of bonds in amounts exceeding \$75,000,000 quarterly.

That was one of the reasons the system was allowed to drag as it did for a year and a half after the decision of the Supreme Court—unable to take care of the applications for loans filed under the provisions of the existing law. Therefore I do not think the time has come—if, indeed, it ever will come—when it is wise to venture to increase to \$25,000 the maximum amount of loans. It was frequently stated by those in position to advise that the bond market would not absorb a greater amount of bonds than was being issued. I know that since that time conditions have improved. I am not sure that these statements were entirely accurate at the time. I am sure that a much greater issue of bonds can be absorbed by the market now than has been. But it has only been a little while since the land banks had large accumulations of applications for loans that could not be supplied. It is a very recent thing that the banks have been able to meet demands on them. I am not prepared to say that if you open up this system to all the mortgage loans in the United States, which amount to some seven or eight billion dollars as I recollect, that we might not easily exhaust the demand for bonds and find ourselves unable to supply funds to take care of anybody's loan, whether large or small, and if we get into that condition, which I think entirely possible, the provision of the present bill that preference shall be given the small borrower will be of no value.

You can not take care of the big fellow nor the little fellow unless you have the funds. Let us not forget, too, that bankers all recognize that it is much more risky to loan a certain sum in a large amount to one borrower than to divide the same sum into a number of small loans to small borrowers. I can not see my way clear to undertake the burden involved and which I think will certainly follow change in the law raising the maximum loan to \$25,000. For that reason, as a member of the Committee on Banking and Currency, I have reserved the right to oppose that part of this measure.

I think there is some misunderstanding regarding the other provisions of the bill. I know, or at least I am impressed with what I hear, that the provision which I oppose is probably the most popular provision of the bill, but in my judgment it embodies a dangerous and unwise change in the law. The next most important amendment, perhaps, is the one which authorizes loans to be made directly to borrowers through agents, and, to be frank, I hesitated at the beginning of the consideration of the bill to agree to that provision. I think, however, it has been safeguarded so as to take care of or remove many

of the objections that have been urged against that change in the law. It seems to have been overlooked or misunderstood, and I want to call attention to what was done with that particular amendment. Gentlemen urge that borrowers, through associations, become liable in double the value of their stock in the farm-loan associations. That is true, and I recognize the advantage of it as it affects securities to be issued. An association represents only a small number of men, say 10 borrowers, and one man is therefore liable under the association system only to the extent of any loss that might be involved through the default of any one of the other 10 men. But in the plan for direct loans we have incorporated the following provision:

Shareholders in a Federal land bank under this provision shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of stock owned by them at the par value thereof, in addition to the amount paid in and represented by their shares.

So that, instead of having an association of 10 men, or having a system by which one borrower is liable in double the amount of his stock for any default upon the part of 10 men, we make each man under the direct system liable for twice the value of his stock for the default of any of the borrowers in the whole land-bank district, so it will be seen that, instead of having destroyed all effort at association, the bill automatically forms an association among all of the direct borrowers and make each one liable to the extent of twice the value of his stock for the loan of every other direct borrower in every State, county, and section of his land-bank district.

Mr. JONES of Texas. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. JONES of Texas. While the liability in each instance is the same, will not you by making that change lose the interest which each man of the local association takes in seeing that the other man's loan is properly safeguarded and well secured? In spreading it out over so great a territory, he will not be so much interested in his neighbor's loan.

Mr. STEAGALL. That is made up for by the fact that, instead of having a handful of men in one community responsible one for the other, you have the direct borrowers of the whole system each liable for the loans of every other in double the amount of his stock, and so far as protecting the bonds is concerned—and I admit that that is not the only consideration that enters into the matter—it is a bigger and stronger and better association than any farm-loan association ever organized.

Mr. STEVENSON. And you have in addition to that a reserve created out of the profits.

Mr. STEAGALL. Yes; you have that in addition to the double liability of each direct borrower on his stock.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. BANKHEAD. I would like to have my colleague's opinion of the criticism here that the effect of this amendment would be to destroy a number, if not all, of the local associations organized under existing law.

Mr. STEAGALL. I know that is the argument made against this provision of the bill, and I grant the gentleman that I think the tendency will be in many localities for men to secure their loans through agents by the direct method, and yet this amendment provides that the provision for loans through agents shall not go into effect where farm-loan associations have been formed and are functioning, and before an agent is authorized to make loans notice is given to the community that they may form associations if they see fit to do so. As a matter of fact, so far as I have observed or been able to ascertain, the association feature of the system has not worked so well as a great many people expected it would, and in many localities farmers are suffering for the accommodations provided by the land-bank system and they are not getting them under the present farm-loan association system.

Mr. HARDY of Texas. Is not the gentleman mistaken in saying that they must give notice to the community? That notice is to the land-bank association, where there is one, and if there is no association there they do not get any notice.

Mr. STEAGALL. The gentleman is entirely correct, but it amounts to notice to the community.

Mr. STEVENSON. And if there is no land association, then, under the law as it stands to-day, they can immediately appoint an agent.

Mr. HARDY of Texas. And the next thing will be that under this bill there will be no land association.

Mr. STEAGALL. If there is no association you would not be able to destroy it. That is surely the fact. You can not destroy associations where none exist.

Mr. HARDY of Texas. But if it liquidates you do destroy it, do you not?

Mr. STEAGALL. Yes. I do not say we destroy it, but it will be liquidated.

An important provision of the bill which I very much favor is the one which fixes a plan for selling the bonds of the land banks. This creates a bond committee and provides that all bonds of the various banks shall be sold as one, to be designated as land-bank bonds, instead of having each bank market its own bonds as provided in the original law. The new plan perfects the purpose to have each bank responsible for the bonds of every other bank. It puts farmers in association. It gives farmers in sections where money is scarce and interest high the same advantage in marketing their securities that are enjoyed by farmers in more fortunate sections. This is highly important and desirable.

The gentleman from Ohio [Mr. BEGG] was greatly in error about one of the provisions of this bill in reference to its enlarging the purpose for which loans may be made. I want to call attention to it. It is not of such great importance, but the only change this bill makes in the purpose for which loans may be made is to provide that loans may be authorized to take care of debts that accrued prior to January 1, 1922. We have attempted to liberalize the law at that point in order to take care of the men who suffered during the period when there was an unprecedented deflation in prices of farm products that brought so much trouble and destruction among the farmers of the country and in the financial and industrial life of the Nation, and that is the only change made at that point. The section referred to by Mr. BEGG is in the existing law, and there is no change except that to which I have just referred.

Mr. BOWLING. Will the gentleman kindly discuss the effect on the local associations of the provisions of the bill which provide for direct loans to the individual rather than through the association?

Mr. STEAGALL. Well, I have been talking about that, and my time is about out, and I have one other important thing which I desire to discuss. If I have time later, I will undertake to make further answer to the question of my colleague. I want to call attention to this, and it is an important part of the bill. Under the original law the system was to go into the hands of directors selected by the local farm-loan associations after the temporary organization, by which directors were to be selected by the Federal Farm Loan Board.

The Treasury subscribed for some bonds during the war, for reasons not necessary to outline now, and the law was amended so as to provide that during the time the Treasury holds any of those securities the control of the different banks shall continue in the hands of directors selected under the temporary plan by the Federal Farm Loan Board. This is the law to-day, and one purpose of this bill is to get away from that and put control back in the hands of the local associations, where it can stimulate the interest of those who are borrowing in the system and strengthen and promote the association feature of the plan, which all recognize as helpful and desirable. So we have provided in this bill that three of the directors shall be named by the Federal Farm Loan Board, three district local directors shall be selected by the farm-loan associations and direct borrowers, and they shall select three names to be submitted to the Federal board, one of whom must be selected by the Federal Farm Loan Board to constitute the seventh member, which puts four directors in the hands of the associations. The Farm Loan Board is compelled to accept one of the three men whose names are submitted by the farm-loan associations.

This goes far enough in granting control to the borrowers, who are to owe 20 times the amount of their stock in the land banks and whose chief interest is that of borrowers, and which in every way is only temporary. Their sole purpose in coming into the system is to borrow. But whether we look upon them as stockholders or borrowers, I can not accept the view that connection with the Government is destructive or undesirable. The one great purpose upon which success depends is that the system be in safe hands and be enabled to enjoy the confidence of the investing public. Upon this depends the sale of bonds from which must come the necessary funds to supply the demands for loans. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. McFADDEN. Mr. Chairman, I yield the balance of my time to the gentleman from Ohio [Mr. MORGAN].

Mr. MORGAN. Mr. Chairman and members of the committee, the American Farm Bureau Federation is in favor of this bill. Mr. Herbert Quick, associated with the American Farm Loan Board, was assigned to the duty of forming cooperative organizations. Mr. Herbert Quick is still associated with the Farm Loan Board, and has made some observations concerning

this bill, and is in a position to speak with authority. I ask unanimous consent to extend my remarks in the Record by publishing the statement of Mr. Quick and a statement made by the American Farm Bureau Federation.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to extend his remarks in the manner indicated. Is there objection? [After a pause.] The Chair hears none.

The statements referred to are as follows:

AMERICAN FARM BUREAU FEDERATION,
Washington, D. C., January 15, 1923.

QUICK URGES FARM-LOAN AMENDMENTS.

"The man on the high-priced farm land is the man who is really under distress to-day. It is not because he is wealthy that he needs a larger loan limit in the Federal farm-loan associations; it is because of the price of his prime necessity, the land. The present loan limit of \$10,000 on 250 acres of land, not counting the improvements, will finance a mortgage of 50 per cent on only 40 acres. That is not enough; and you must bear in mind the fact that if you raise it to \$20,000 you can loan on no more land than you could in 1914 when you began agitating this system. In other words, you have increased your loan limit to correspond with the increasing price of land. That increasing price of land is not a healthful condition; I do not like it. And if you are going to serve the farmer you have got to give him greater loans than you are giving him now."

This is Herbert Quick's statement, ex-member of the Federal Farm Loan Board, in charge of the cooperative farm-loan associations, publicist and writer, when testifying before the House Banking and Currency Committee on the Norbeck-Strong bill, which amends the Federal farm loan act in several particulars. The most important feature of this bill, from the American Farm Bureau Federation's standpoint, at least, is the removal of the maximum loan limitation and making it possible for the cooperative farm-loan associations to lend upon the same basis as the joint-stock land banks, the amount of the loans to be regulated by the quality and size of the collateral offered.

NOT OPERATED FOR PROFIT BUT FOR SERVICE.

"The joint-stock land bank, the other banking system created under the same act as the cooperative farm-land banks, does not have to operate where it does not wish to," continued Mr. Quick. "It is operated for profit purely, and it enters a county or it stays out. Yet a great many men want loans over \$10,000 who are not within the territory where the joint-stock land banks are operating but where cooperative land banks are."

"You say the joint-stock land banks are operating in every State. They are. So were the farm-mortgage bankers before the farm loan act was passed operating in every State, and yet there were great areas where there was no farm-mortgage credit available to the farmers."

BUILDING FOR SOLIDARITY.

"I perhaps had better give the committee the experience of a man who has been on the board as to why the interest rate has been kept up to where it is. In the first place, these banks started out owing the Government several million dollars. The Government put the money in it. So it was desirable to accumulate money and pay the Government off. Then our business started with the opinion of the investing world against it. It was regarded as a socialistic experiment in the minds of the most conservative and it was likewise regarded in the minds of the liberals as experimental."

"The result was that we felt that it was necessary for these banks to maintain a margin of at least 1 per cent between their bonds and their interest rate, in order that they might strengthen themselves. The banks are all getting very strong; they are among the strongest financial institutions in the country and their bonds are in excellent demand; the legality of the act has been supported by the Supreme Court of the United States and their interest rates are going down, unless interest rates generally go up. The interest rates are higher than they need to be at this time, and I notice that the members of the Farm Loan Board—and I apprehend that Secretary Mellon, who is ex officio a member, knows that—and the Federal land banks are going to do business on a closer margin between the interest rate and the bond rate in the future and the advantage will accrue entirely to the borrowing farmers, and I think the borrowing farmers, especially those who prefer to be in the Federal land banks, should be given the benefit of the higher loan limit."

STRENGTH THROUGH NUMBERS.

"The fact of the matter is that the leaders outside the farm-loan system in Iowa, while they grant a larger proportion of the value of the farm than the Federal land banks do, owing to the fact that the Federal Farm Loan Board refused, refused very wisely, to follow up the expansion of land values in Iowa. We made a rule that we would not loan over \$100 an acre on any Iowa or Illinois farm. No matter if they might call it worth \$400 an acre it was not worth more than \$100 to us. That was the Federal land bank. I do not know what the rule is as to the joint-stock land bank."

"But that is not important where a man has 160 acres of land. The joint-stock land bank can loan \$100 an acre on the whole 160 acres, while the Federal land bank would be confined to \$10,000, no matter how large the farm is. The loans are not any better in the joint land bank, but they are large and they can more nearly meet the needs of the farmer."

"The advantage that the joint-stock land bank has practically over the Federal land bank is that when you get above a \$10,000 loan limit the competition between the Federal land bank and the joint-stock land bank ceases, and the joint-stock land bank has the field to itself, except competition from the farm-mortgage bankers. The competition ceases and he has the field to himself. I do not think that is a good thing."

"I recently saw a statement in an agricultural bulletin which said that the Federal farm loan act had operated in the case of 5 per cent of the cases in putting farm tenants in as owners, and I think that is as much as you can expect. In the case of 1 in 20 it has had the effect of putting the farm tenant in the position of owner. I think that is creditable when you consider the small amount of rental value as compared with the interest cost to buy it."

In commenting upon the question which was raised as to whether the appointment of agents of the Federal farm land banks would take away the cooperative feature of the Federal farm loan act, Mr. Quick told the committee he did not believe 10 per cent of the associations

have ever had a meeting at a time when there was a quorum of stockholders present.

Mr. Quick said that the borrower's interest lapsed almost immediately upon getting a loan and there is very little to stimulate the interest of borrowers themselves. They are done when they have borrowed their money, and the loan is amortized in 33 years. Their interest rate is fixed and the borrower's investment in the association is limited to 5 per cent of the face of his loan. He is not interested in the amount of money he has invested in the cooperative organization, for it is put up as the last payment of his loan. He is not much interested in dividends.

If he has \$3,000 loan he has \$150 invested in stock. He is interested in the dividends on that stock but he is not interested very much, and the way he is interested is purely speculative.

"I am not moving in any aura of reports of European commissions and things that we thought about when the system was adopted. My testimony is based upon experience. The rule in the farm-loan associations is that they organize, they hold their meetings, and that they get the money, and when they do that they are done. They never have another meeting at which there is a quorum.

SYSTEM DIFFERS FROM EUROPE'S.

"Our system differs materially from that of Europe. In some of the systems in Europe the loans are made up to 60, 70, and 80 per cent of the value of the farm. And in some of them they have a personal liability which is unlimited. In other words, everybody's property is bound to pay everybody's debts.

"Under that kind of system you are sure to have such anxiety on the part of everybody in the association for the success of it that you can get real cooperation out of those people, because their whole fortunes are at stake. But in this country, where we loan only up to 50 per cent of the value of the land, plus 20 per cent of the permanent and insured improvements, the farmers are not particular about any personal liability. They take it that this measure was made for a very remote contingency. I have found there is not any such thing as cooperative interest in the organization of the system.

"My feeling after struggling with this cooperation in land mortgages for two years was that the whole cooperative feature fails, that what we have here is only a false appearance of cooperation growing purely out of personal interest of the secretary-treasurer, who is, after all, nothing more nor less than a loan agent and who has become the shell of an organization from which the cooperative meat escaped just as soon as they got their loans.

"The fact is, there are not any benefits in the farm-loan system that do not end when the farmer gets his loan. His interest is fixed, his investment is fixed, and the only uncertainty he has is the gobbling of his dividends, which do not amount to anything.

MUTUALITY BUT NOT COOPERATION.

"I think that the land mortgage credit, when it is made as conservatively as ours, so there is not the element of continuing personal risk to the farmer, is utterly hopeless as a cooperative arrangement. There can be a great element of mutuality in it, but it is a mutuality that dies with each particular loan, and the transactions are not numerous enough, they are not continuous enough, and the interest is not great enough to stimulate a man to leave his home after he has worked hard all day and attend a meeting when there is nothing to do and there is nothing particularly worth while to discuss.

"The great benefit of the farm-loan association was this: It put the Federal farm-loan system into every part of the United States. Prior to that time a great many localities in the United States were almost utterly without farm-loan credits. Nobody went into a district where the loans were not big enough to make the business pay. Of course, they would not go.

"We talk here about the solvency and about the value of the Federal farm-loan bond being increased by taking these big loans. That is entirely illusive. The loans that we made in the districts where they were the smallest are just as good as the loans made in districts where they were the largest.

"Strangely enough the investor has a tendency to pay more for a New England bond, which is fundamentally the poorest bond we have if it were not for the interdependence of the banks, than he does for an Iowa bond or for a Mississippi bond which is the best. Take the New Orleans Land Bank, for instance. The New Orleans Land Bank made a great volume of loans, some of them as low as \$100; and after they had been running a year or two the loan average was not over \$700 to \$800. They were, too, poor farmers, and some of the localities were just poverty-stricken places. And yet that district is almost entirely without delinquents, almost always has been, and there were abstracts of title that I would not have examined for \$100 that we made loans of \$100 on.

"That business is hard to do with a profit, but it has had a tremendous public benefit. It extended the farm-loan business all over the country, even to New Mexico, where we made loans on a basis of 50 cents an acre. I think that the Omaha Land Bank is making loans in Wyoming district at an absolute loss, because the public interest and the spirit of the law demands that they go out there.

"The farm loan association did that. The farm loan association showed the world that these loans that the old mortgage companies would not make, because they were unsafe or unprofitable, are actually safe when they are made in great numbers, with due attention to insurance of titles.

AGENT STRENGTHENS SYSTEM.

"I can not get the thought that the agent sent out by the 12 land banks would result in any lessening of the security of the Federal farm loan bond. Under the agency system as provided for in the bill there would still be 5 per cent put up. The new borrowers under the agent in each Federal farm loan district would become a new class, practically on the same basis as if they all belonged to a great big farm-loan association. The idea that the Federal land bank has got to fall in order to make that available is to my mind a legal absurdity.

"The Federal land bank can resort to the stock when by reason of conditions it is needed to save itself from failure. But, after all, under a system that is organized as ours is, with only 50 per cent of the selling value of the farm and 20 per cent of its permanent insured improvements, such a resort to the stock is unlikely. On that basis we have gone through a war; we have gone through an era of drought and crop failures; we have gone through the wildest era of farm-land speculation which I have ever seen, and never yet has that demand on the ultimate borrower to sacrifice his 5 per cent been invoked so far as I know.

"Furthermore, through the agency system you would avoid the very thing that takes place in many places where a whole lot of dividends are soaked up in the local expenses of the association. In many associations we avoid that. On the whole, I think the agency system would operate more economically."

Mr. Quick also approved of the organization of a central bond-selling agency in the Federal farm-loan system.

AMERICAN FARM BUREAU FEDERATION,
Washington, D. C., February 1, 1923.

DEAR MR. CONGRESSMAN: The Norbeck-Strong bill, H. R. 14041, just reported out of the Banking and Currency Committee of the House, is in many ways an admirable bill and will be very helpful in a freer functioning of the Federal farm-loan system. However, the limitation of loans to \$16,000, with certain provisions by which loans may be made above that to \$25,000, is a mistake in both theory and practice.

The Federal farm loan act was passed to remedy the evils existing through the control of farm loans by farm-mortgage companies, which in most sections were imposing high rates and excessive commissions. On loans up to \$10,000 the Federal farm loan act has cured these evils. On loans exceeding \$10,000 the Federal farm loan act has not remedied the situation.

While it may be contended that the joint-stock land banks take care of this situation, this is not true; for the joint-stock land banks do not and will not operate in many ranching sections of the country, and in the best agricultural sections where they do operate the net cost to the farmer approximates 1 per cent more than if the loan were taken through the Federal farm-loan associations. The farmer is entitled to save this \$250 per year on a \$25,000 loan, ordinarily equivalent to the annual taxes on the land pledged.

From another standpoint this increase is justified inasmuch as the farmer is entitled to a universal system of agricultural finance through the Federal farm-loan system just as much as is commerce and business through the Federal reserve system. Every farmer operating his own farm is entitled to the benefits of the farm loan act. The system is adapted to long-term agricultural finance for all farmers. There is no reason why any farmer should be denied admission to the cooperative system.

The thought and argument that the little borrower is being protected by writing in a maximum loan is wrong, for the increase of the loan above \$10,000 will be beneficial to the small as well as to the large farmer. The overhead cost of writing a loan of \$25,000 is not more than the placing of a loan of \$500. The profits of these larger loans will be reflected in higher dividends and the consequent lowering of rates for all farmers. While it has been contended by some that increasing the limit to \$25,000 will make an increased demand for credit which will react against the small farmer, it is not true, because it must be borne in mind that these larger loans are being made and will continue to be made. They draw on the same pool of financial credit seeking safe long-term investments that the small loans draw on through the Federal farm loan system; and if these large loans are not within the system they are competitive buyers of this credit, and by this competitive bidding force the paying of high prices both within and without the system when both should be secured in a cooperative way.

It is unjust to discriminate against the farmers' cooperative system, the Federal land banks, in favor of the privately owned system, the joint stock land banks, or to force the farmer seeking a large loan to be exposed to the tender mercies of the old farm mortgage system.

If the little farmer and the big farmer are to be well served, this farm loan system must be recognized as the Government instrumentality for securing long-time investment capital for agriculture, and all borrowers, large or small, desiring this kind of money should be encouraged to borrow through the Federal farm loan system.

There is no scarcity of money for these purposes. Secretary Mellon, Governor Harding, Governor Strong, and other outstanding men in the financial world have all testified that it is only a question of proper credit instrumentalities and not a lack of money that makes for the farmers' difficulties. Every national farm organization has by resolution and by witnesses requested that the straight loan be not less than \$25,000.

The increase of the loan limit will not add to the volume of tax-exempt securities, for the business otherwise will be written by joint-stock land banks enjoying tax-exempt bonds or by other institutions, such as mutual insurance companies, charitable and eleemosynary institutions, and others, whose securities are not subject to taxation and which should be buyers of the regularly issued bonds of the farm-loan system. The increase of the loan limit of the Federal land banks to the maximum enjoyed by the joint-stock land banks will benefit all farmers, large and small.

I wish to call to your attention, as well as to the attention of every other Member of Congress, that if the farmer is to be adequately financed and on the most economical basis, the \$16,000 maximum loan now in the bill must be removed. With that remaining in the bill it will fail to serve as it should serve, and will not only continue to expose those desiring larger loans to the unconscionable commission and brokerage charges of the old-time farm-loan mortgage banker but will also result in weakening the farm-loan system itself and not allow it to develop and function with as low a rate of interest to the farmer as it might otherwise secure.

Yours very truly,

AMERICAN FARM BUREAU FEDERATION.
GRAY SILVER,
Washington Representative.

RAISE LOAN LIMIT TO \$25,000.

In a strong appeal to raise the limit for Federal farm loans from \$10,000 to \$25,000 and not \$16,000, Gray Silver, Washington representative of the American Farm Bureau Federation, addresses the following letter to every Senator and Congressman:

"The Norbeck-Strong Bill, H. R. 14041, just reported out of the Banking and Currency Committee of the House, is in many ways an admirable bill and will be very helpful in a freer functioning of the Federal farm-loan system. However, the limitation of loans to \$16,000 with certain provisions by which loans may be made above that to \$25,000 is a mistake in both theory and practice.

"The Federal farm loan act was passed to remedy the evils existing through the control of farm loans by farm-mortgage companies, which in most sections were imposing high rates and excessive commissions. On loans up to \$10,000 the Federal farm loan act has cured these evils. On loans exceeding \$10,000 the Federal farm loan act has not remedied the situation.

JOINT-STOCK BANKS LIMITED.

"While it may be contended that the joint-stock land banks take care of this situation, this is not true, for the joint-stock land banks do not and will not operate in many ranching sections of the country, and in the best agricultural sections where they do operate the net cost to the farmer approximates 1 per cent more than if the loan were taken through the Federal farm loan associations. The farmer is entitled to have this \$250 per year on a \$25,000 loan, ordinarily equivalent to the annual taxes on the land pledged.

"From another standpoint this increase is justified inasmuch as the farmer is entitled to a universal system of agricultural finance through the Federal farm-loan system just as much as is commerce and business through the Federal reserve system. Every farmer operating his own farm is entitled to the benefits of the farm loan act. The system is adapted to long-term agricultural finance for all farmers. There is no reason why any farmer should be denied admission to the cooperative system.

FAIR TO ALL.

"The thought and argument that the little borrower is being protected by writing in a maximum loan is wrong, for the increase of the loan above \$10,000 will be beneficial to the small as well as to the large farmer. The overhead cost of writing a loan of \$25,000 is not more than the placing of a loan of \$500. The profits of these larger loans will be reflected in higher dividends and the consequent lowering of rates for all farmers. While it has been contended by some that increasing the limit to \$25,000 will make an increased demand for credit which will react against the small farmer, it is not true, because it must be borne in mind that these larger loans are being made and will continue to be made. They draw on the same pool of financial credit seeking safe long-term investments that the small loans draw on through the Federal farm-loan system; and if these large loans are not within the system they are competitive buyers of this credit and by this competitive bidding force the paying of high prices both within and without the system, when both should be secured in a cooperative way.

"It is unjust to discriminate against the farmers' cooperative system, the Federal land banks, in favor of the privately owned system, the joint-stock land banks, or to force the farmer seeking a large loan to be exposed to the tender mercies of the old farm-mortgage system.

"If the little farmer and the big farmer are to be well served, this farm-loan system must be recognized as the Government instrumentality for securing long-time investment capital for agriculture, and all borrowers, large or small, desiring this kind of money should be encouraged to borrow through the Federal farm-loan system.

"There is no scarcity of money for these purposes. Secretary Mellon, Governor Harding, Governor Strong, and other outstanding men in the financial world have all testified that it is only a question of proper credit instrumentalities and not a lack of money that makes for the farmers' difficulties. Every national farm organization has by resolution and by witnesses requested that the straight loan be not less than \$25,000.

"The increase of the loan limit will not add to the volume of tax-exempt securities, for the business otherwise will be written by joint-stock land banks enjoying tax-exempt bonds or by other institutions, such as mutual insurance companies, charitable and eleemosynary institutions, and others, whose securities are not subject to taxation, and which should be buyers of the regularly issued bonds of the farm-loan system. The increase of the loan limit of the Federal land banks to the maximum enjoyed by the joint-stock land banks will benefit all farmers, large and small.

"I wish to call to your attention as well as to the attention of every other Member of Congress that if the farmer is to be adequately financed, and on the most economical basis, the \$10,000 maximum loan now in the bill must be removed. With that remaining in the bill it will fail to serve as it should serve and will not only continue to expose those desiring larger loans to the unconscionable commission and brokerage charges of the old-time farm-loan mortgage banker, but will also result in weakening the farm-loan system itself and not allow it to develop and function with as low a rate of interest to the farmer as it might otherwise secure."

FARM BUREAU ARGUES TO REMOVE \$10,000 LIMIT.

Gray Silver, Washington representative of the American Farm Bureau Federation urged the House Banking and Currency Committee to report out the Norbeck-Strong bill, which provides for an increase in the amount of money which may be loaned to individuals by the cooperative farm-loan associations. Mr. Silver stated that the time for renewing mortgage obligations is not far off and that a failure to report the bill will necessitate the renewal of mortgages at high rates and probably the payments of commissions. Answering the claim made by some members of the committee that the Federal farm-loan system was created to help the "small" farmer or to assist the landless man to secure a small farm, Mr. Silver declared there were two schools of thought on this subject, and that the present limitation of \$10,000 was a compromise when the bill was originally passed.

One school of thought claims that the farmer is a yokel and has an unhappy lot; that he must live in his misery because he has chosen farming as his business. The other school of thought maintains that the farmer is a business man; that agriculture is a calling and that farmers wish to raise their family on the farm and continue in the farming business. That is what the American Farm Bureau Federation has in mind when it requests that the loan limit of \$10,000 be removed and that the limit of the loan should be determined by the size and quality of collateral offered.

Mr. Silver maintained that the economic farm unit used to be 160 acres, but with the changing conditions this unit now varies widely in different parts of the country. "There are hundreds of thousands of farms in the United States which are valued at more than \$20,000. Among the States which have large numbers of such farms are California, with 23,000; Idaho, 10,000; Indiana, 27,000; Illinois, 141,000; Iowa, 152,000; Kansas, 53,000; Kentucky, 10,000; Minnesota, 58,000; Missouri, 25,000; Nebraska, 41,000; New York, 10,000; North Carolina, 22,000; North Dakota, 24,000; South Dakota, 44,000; Texas, 23,000; Washington, 12,000; Wisconsin, 30,000. Every State in the Nation has a large number of farmers operating units valued at more than \$20,000.

"The removal of the loan limit would put the cooperative farm land banks on the same working basis as the joint-stock land banks, thus giving them the chance to function on an equality. This should be done so that the farmers who wish to obtain their money cheaply through the cooperatives may do so.

"It will require no more money to finance agriculture through this system than through any other, and therefore it is only a question of whether Congress will see fit to make it possible for the Federal farm-

loan system to function the way in which the farmers believe it should. It is not financing agricultural production when you limit loans to \$10,000.

"Unless agriculture is financed through this system it will continue to have to refloat its mortgage indebtedness every three to five years, pay high interest rates and commission. It does not help anybody to limit the size of loan made by the cooperative farm-loan associations."

NEW PROVISIONS UP.

Mr. Silver also approved of the other provisions of the bill which make it possible for the 12 farm-loan banks to appoint agents who can make loans under the same provisions as the local cooperatives. When 10 of these loans have been made in a locality the individuals may join in forming a cooperative farm-loan association. It also provides for the lending of money to farmers to pay off debts which do not represent money owed on farm land. It also authorizes the appointment of boards of directors of the 12 farm land banks which will consist of three members elected by the local cooperative associations, three by the National Farm Loan Board, and the seventh by the other six members.

The CHAIRMAN. The time of the gentleman from Ohio has expired; all time has expired; and the Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That the eighth paragraph of section 3 of the act of Congress approved July 17, 1916, known as the Federal farm loan act, be amended to read as follows:

"The salaries and expenses of the Federal Farm Loan Board and farm-loan registrars and examiners authorized under this section shall, after June 30, 1923, be paid by the Federal and joint-stock land banks in proportion to their gross assets, as follows:

"The Farm Loan Board shall, prior to June 30, 1923, and each six months thereafter, estimate the expenses and salaries of the Federal Farm Loan Board, its officers and employees, farm-loan registrars, deputy registrars, the examiners and reviewing appraisers, and apportion the same amongst the Federal and joint-stock land banks in proportion to their gross assets at the time of such apportionment and make an assessment upon each of such banks pursuant to such apportionment, payable on the 1st of July or January next ensuing. The funds collected pursuant to such assessments shall be deposited with the Treasurer of the United States to be disbursed in payment of such salaries and expenses on appropriations duly made by Congress for such purpose.

"If any deficiency shall occur in such fund during the half-year period for which it was estimated, the Farm Loan Board shall have authority to make immediate assessment covering such deficiency against the Federal and joint-stock land banks upon the same basis as the original assessment. If at the end of the six months' period there shall remain a surplus in such fund, it shall be deducted from the estimated expenses of the next ensuing six months' period when assessment is made for such period. Land bank appraisers shall receive such compensation as the Federal Farm Loan Board shall fix and shall be paid by the Federal land banks and the joint-stock land banks which they serve in such proportion and in such manner as the Federal Farm Loan Board shall order."

Mr. TOWNER. Mr. Chairman, I move to strike out the last word. I ask unanimous consent to proceed for 10 minutes and extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent to proceed for 10 minutes and extend his remarks in the RECORD. Is there objection?

Mr. McFADDEN. Mr. Chairman, I do not want to object to this, but the time is quite late and we are anxious to finish this bill this afternoon, and I hope gentlemen will bear in mind that I will be forced to take some action to close debate on different sections in order to get through to-night.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. STEAGALL. Just a moment. I hope the gentleman will not insist on finishing to-night. It is now 25 minutes after 4 o'clock.

Mr. McFADDEN. I will say to the gentleman this is legislation, I believe, men are interested in, and it is now getting toward the close of the session—

Mr. BEGG. Mr. Chairman, I make the point of order there is no quorum present. This is a big proposition, and I think we ought to have the fellows here. It is Saturday night and—

The CHAIRMAN. The gentleman from Ohio makes the point of order there is no quorum present. The Chair will count. [After counting.] One hundred and fourteen gentlemen are present, a quorum.

Mr. TOWNER. Mr. Chairman, about a year ago I introduced a bill to increase the limit of farm loans from \$10,000 to \$25,000. I would have been glad indeed if that could have been considered alone on its merits. However, there has grown up, as was inevitable, conditions in the administration of the Federal farm loan act that in the judgment of the board should be remedied. This bill is the result of the consideration of these separate propositions. I want to ask the gentlemen of the committee to remember that the recommendations of the Federal Farm Loan Board are entitled to respectful consideration.

The Farm Loan Board has administered the act with most admirable discretion and care. It has been successful; it has accomplished great work. I think we should hesitate about condemning unreservedly, as some gentlemen do, the recommendations of the board. I wish further to say I think that gentlemen who have not given this subject particular attention and

study and perhaps are not particularly interested in the matter ought not to object to the action of the Committee on Banking and Currency, which has given this legislation a most careful consideration. They have heard people both for and against the legislation who were entirely qualified to enlighten the committee. They have considered very carefully the objections that have been made against this bill. I presume there is no objection that has been urged here but was considered by the committee. It seems to me that gentlemen who are now condemning so unqualifiedly the provisions of this bill should remember that those who have given this legislation careful consideration have given it their unqualified approval.

I want briefly to call attention to some of these provisions that have been so seriously contested. Of course, no gentleman here has been heard to complain of the first provision of the bill. If these land banks can carry the entire expense without calling upon the Government for a single dollar, certainly no one should object to that. But gentlemen declare they are against certain other provisions of the bill. In a sense and to a considerable degree these various provisions are separable and stand upon their own merits. Gentlemen, I think, should hesitate to condemn the whole bill because they do not approve some particular section of it.

I want to call attention to section 2, which provides for the selection of the directors of the farm-loan banks, which has been very seriously criticized. No good reason for such criticism has been stated. The change recommended by the Farm Loan Board has been caused by no effort on their part to obtain greater power for the land banks than they now have, but it has been because of the fact that under the composition and arrangement as it now exists there has been a sad lack of efficiency and interest taken by the various associations of borrowers, which they hope may be cured by this new recommendation. It seems to me the recommendation is justifiable. The change suggested appears materially better, and, as long as the proposed arrangement leaves with the association members the right of control of the board of directors, there ought not to be any serious objection with regard to that provision.

I want now to call attention to the storm center of objection to this legislation, and that is the provision that has been made by which agents can be appointed and individual borrowers can present their applications for consideration to the Federal land banks. It occurs to me, gentlemen, that there must have been, in the minds of most of those who have spoken, serious misapprehension regarding the terms of this provision. Let me call your attention to them on page 10, at the beginning of Section 15.

When are these agents to be appointed? Not under all circumstances; not under any circumstances, except those that are provided here:

SEC. 15. That whenever it shall appear to the Federal Farm Loan Board that national farm-loan associations have not been formed.

Now ought we, I ask it in all seriousness, to prevent a man who desires to take advantage of the terms, the rate of interest, and the provisions for amortization that are carried in these Federal farm loans to be prevented from securing them unless he can associate with himself 10 men for that purpose? When thus presented he ought to have a chance to submit his individual application and have it acted upon. It seems to me that is a reasonable proposition. And besides this the provision reads, "or the local farm-loan association fails, neglects, or refuses to serve properly the needs of its territory in any locality."

Perhaps there will not be many cases of that character. But we know that there are such cases, and in such cases where the local association forms itself into a close corporation and refuses to accept applications from anyone outside, certainly there ought to be some method provided by which these applications can be made and considered by the Federal land banks.

Mr. BOWLING. Mr. Chairman, will the gentleman yield for a short question?

Mr. TOWNER. I beg the gentleman's pardon. I can not yield to him because then I shall have to yield to somebody else.

The CHAIRMAN. The gentleman declines to yield.

Mr. TOWNER. There can be no objection, it seems to me, that when these associations do not serve the borrowing public, those subject to these conditions and circumstances should have the advantage of the Federal farm loan proposition. I see no reason why that should not be granted. I have heard all, I think, of the very strenuous objections that have been urged to this proposed change, and I really can not see that there is any real ground for those objections.

It does not mean the destruction of these associations already formed. It does not prevent the organization of new associations that may be formed. Gentlemen seem to think that this means the destruction of those already in existence, and seem to think that there will be no more associations formed. I see no reason to believe that; I see no reason to believe that the fulfillment of their prediction will necessarily follow. We ought to consider this as a practical proposition. It is so. The Farm Loan Board does not desire to destroy this system. They have no interest to do so. They want it to hold its place in the affections of the people of the country. They want it to continue to serve the admirable purpose that called it into existence, and which has so fully justified its being called into existence. They do not believe that any of these destructive consequences will follow, and I believe we are abundantly justified in joining with them in the belief that they will not follow.

Now, I want to pay attention in the remainder of my time to the consideration of the extension of the limit of these farm loans. Gentlemen say that this was a proposition originally created for the benefit of the small farmer, for the poor farmer. It is still so. This does not change the situation. In fact, the language of the act itself says that preference shall be given to the smaller loans, to the poorer farmers. But is that any reason why those having farms of larger size and value should be deprived of the lower rate of interest, of the better terms, and especially of the amortization feature which is vital to these loans?

In Iowa the average farm is 160 acres. The average value of farm lands in Iowa is over \$200 per acre. This makes the average value of farms \$32,000. A loan of \$10,000, the present limit, is less than one-third the value of our average farm. The census gives the average value of farms in Iowa as \$38,941. A loan of \$10,000 is little more than one-fourth this valuation. The census valuation of farms in South Dakota is \$37,000, in Nebraska it is \$33,000. A loan of \$10,000 on these farms and, indeed, on any average farm in the Middle West is inadequate.

Gentlemen seem to think that the proposition is to make initial loans on these farms, and large loans should not be encouraged. That is not the case. The loans in most cases are there already. They are in many cases 40 or 50 per cent of the value. They are in many cases carrying 7 per cent interest, and in many cases a commission of 1 per cent is charged for each renewal. To give these farmers the present system will mean a reduction of the interest rate to 5 per cent. A still greater benefit is the amortization feature, by which, with a small addition to the interest charges, the loan and mortgage will be extinguished at the expiration of the loan period. This system also relieves the borrower from making frequent renewals, with additional charges each time. The privilege is also given to pay larger payments, or to pay off the loan entirely at any interest pay day.

Gentlemen also seem to think that if the average farm value is \$32,000, an increase to \$16,000, or 50 per cent of that amount, will be sufficient increase. It should be remembered that if \$32,000 is the average, that there is as much above \$32,000 as there is below that amount, and that it certainly is from a productive standpoint as important to help the large producer as it is the small producer.

The full development of the Federal farm-loan system requires an extension of the limit to \$25,000. That will help large and small alike. The chief benefit of the system will be found ultimately in the method used and the help and hope held out to all the farmers that they can under its provisions work out of burden of mortgage indebtedness and be able to carry a surplus to more comfort, more independence, and a full share of the full joy in life, which should be America's boon to her children.

Mr. WINGO. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. The gentleman from Arkansas asks unanimous consent to proceed for 10 minutes. Is there objection?

There was no objection.

Mr. WINGO. Mr. Chairman, the Federal farm-loan system has been of incalculable benefit to the American farmer, in spite of the handicaps under which it was established and through which it has struggled since its establishment. It had not only the unstable conditions produced by the war to contend with, but it had the long fight through the courts on the constitutionality of the act, which held up for over 12 months its functioning as a system.

At the time that we enacted the Federal farm loan act there were a great many communities in the United States, especially in the South and West, where farmers who wished loans of

less than \$10,000, notwithstanding the fact that their credit which they wished to market was a sound and safe credit, had absolutely no market for that credit upon terms that were reasonable and under which they could exist and thrive as farmers. The interest charge ranged all the way from 8 to 17 per cent upon those small loans in the territory to which I have referred. But since we established this system and it has commenced to work, in spite of the handicaps to which I have referred, it has gone forward and has served a large number of the American farmers. But the benefits that have flowed from that act have not been confined alone to those who got loans under the system. I talked to-day to one Member of Congress who before the Federal farm loan act commenced operating in his State got a loan on his farm, and by reason of the choice character of his farm and of his financial standing he was able to get it at what was regarded as a low rate of interest, namely, 8 per cent. He got it from a well-known insurance company that was making farm loans in the Southwest.

His neighbors were paying 10 per cent on small loans, and in addition to that were paying unconscionable commissions to agents. A few days ago that man was able to get a loan from the same company on the same farm at 5 per cent, paying the local agent a flat 1 per cent commission in the beginning for getting the loan. So that gentleman, notwithstanding the fact that he had not gotten into the system and is not eligible for a loan under it, yet has gotten the benefit of the farm loan law.

Gentlemen, I could cite case after case and farmer after farmer who have been benefited in that regard.

But, gentlemen, in spite of what may have been the ideas that we had when we established the system, we find that in some localities, by reason of certain defects in the administrative machinery, there are some men who are not getting the benefit of the farm loan law, and they are the ones for whom the act was originally enacted. I think members of the committee will bear me out in the statement that during the long consideration of this bill and of other bills of a similar character there has been one controlling thing that has stood outstanding in every fight and contention I made, and that was that the Federal land bank, as distinguished from the joint-stock land bank, was a cooperative loan system which we sought to give to the American farmer, and that every effort should be made and every opportunity be given to the American farmer to make a success of that cooperative movement. Now, we find that in some communities they were unable to organize a local loan association. Of course, under the system the banks can use a direct agent and make direct loans now. We found in other communities in some instances after the requisite number of farmers had gotten together and procured their loans and organized the local association, they deliberately refused to let any of their neighbors come in and join the association, for different reasons. Some were that the little original group had gotten together, they had gotten their loans, they were satisfied, they had no further interest, and they did not care to bring in their neighbors because of the double stock liability which they have to the local association by reason of the law.

We found in other cases that members of a church got together and organized a local association, and they would not permit anybody who belonged to any other church or had any other religion to come in. Of course, that condition called for relief.

What was the next thing that was directed to my attention that called for relief? During the long struggle that we had had to preserve the system, because of the exigencies of the war and the suits pending in the Supreme Court, Congress was compelled to make provision for the Treasury of the United States to purchase a certain amount of these bonds, and in order to get the Treasury officials and Members of Congress themselves in sufficient numbers to agree to that proposal, which was denounced by many upon this floor, those of us who were fighting for that relief had to agree to a provision that so long as the Treasury held any of these bonds the temporary organization should continue. I am one of those who have been extremely anxious to bring around the day when the stockholders of the system should, under a permanent organization, have charge of their own banks. So when we came to the consideration of the bill that was originally proposed we were faced with a reorganization scheme that met with the approval of but very few members of the committee. Candidly I stated then, as I have repeated since, that the original bill was so obnoxious to me in practically every material feature that I could not support it at all. But I did not care to be in the attitude of being a mere obstructionist, sitting down and objecting to what the other man proposed, but as a friend of the system, as one who was anxious to bring about a permanent

organization, as one who was anxious to see that every farmer whose loan was eligible should receive the benefit of the act, I felt that it was my duty to take a constructive course and to say to the gentleman from Kansas [Mr. STRONG] and those who favored the original bill: "While I can not approve of your bill, I am willing to join with you in rewriting it to meet the objectionable features, if we can get together on it." What was the proposition?

If we had killed that bill, if we kill this bill to-day, gentlemen, there can be no permanent organization, and the stockholders will not be permitted even to elect three directors, much less four, as provided by this bill; but the present Secretary of the Treasury says, and he is right about it under the law, that unless Congress changes the law and tells him to the contrary he will hold some of those bonds so that the Federal Farm Loan Board can control these banks under the temporary organization. So if you get any relief to enable the local associations to set up a permanent organization and elect directors and handle their own banks you have got to pass some kind of a law. So I have stated that with the innumerable changes that might be made, with the great many objections that I have, if there is another change on which I have assurance of enough gentlemen to absolutely do what I had in mind, I then shall feel impelled to vote for the bill, in spite of the objectionable features, on the theory that the good will outweigh the bad.

Now, let us see. The original bill was sent out to the local associations of the United States. Naturally a great many voiced the same indignation and the same objections that other members of the committee offered to the original bill. I think some gentlemen on both sides of the aisle who have received these protests will recall this, that there is a strong probability that the associations and farmers who have sent the protests here are opposing it on the original bill, which is not now before the House, but which the committee discarded and rewrote in the subcommittee and then rewrote it in the full committee.

Now, take up the question of permanent organization. The original Strong bill provided for the control by the Farm Loan Board of the majority of the directors.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. WINGO. I would like five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. WINGO. The board would control two-thirds of the directors. I did not think that was fair; it was contrary to the original spirit; it failed to protect the law under which men had subscribed to the stock and got their loans. So we worked out a compromise proposition.

I confess, gentlemen, that I would write a different one, but that is the best we could get and get anything. What is that compromise proposition? It is that the local associations shall elect three directors, the Farm Loan Board shall elect three, and then the seventh director shall be selected by whom? It is true he shall be selected by the board, but the board is compelled to take a man that has been nominated by the local farm-loan associations. How? By compelling them to take one of the three who have received the highest vote on nomination by the associations. Can you conceive any other method by which you could break that deadlock? We proposed different schemes, we talked about different ones, and I myself would have preferred a different proposition, but this is the best proposition that we could get.

It means if this bill should become a law that the local associations throughout the United States can get out from under the present temporary organization where the directors are elected entirely by the Farm Loan Board and will have the right to elect three directors and nominate a man selected for the fourth and thereby give them the balance of power. I think we had better take that provision in the bill as the best we can get.

Here is the next proposition. I objected to the original bill because I felt that the inevitable operations would result in compulsory liquidation of the associations and have the loans made directly by direct agents without responsibility. So the committee set about trying to adopt an amendment that would protect the independence of the local associations. So we adopted a provision, now in the bill, which provides for direct loans when under the existing law they can make direct loans. Where there is a local association we provide that they shall not make direct loans, or where the farmers could get together and organize a cooperative association, unless the board found that the local association had failed, neglected, or refused to function and take care of their neighbors. Gentle-

men, does not that protect the local association? I know of farmers who have been refused admission to local associations because their neighbors shut them out. Do you think the farmers ought to be denied the benefits of this act? I do not think they should, and where an association refuses to function do you not think that we ought to take care of the fellow that is shut out?

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

Mr. WINGO. I ask for three minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close at the close of the remarks of the gentleman from Arkansas.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that at the close of the three minutes granted to the gentleman from Arkansas all debate shall close on this section and amendments thereto. Is there objection?

Mr. RAKER. Reserving the right to object, there are only a few who have made remarks during the 30 minutes, and they have been members of the committee. I would like five minutes myself.

Mr. MONDELL. The gentleman can talk on the next section.

Mr. RAKER. But when we come to the next one the Chairman will recognize some member of the committee.

Mr. WINGO. Oh, the gentleman is not fair. We recognize men outside of the committee.

Mr. McFADDEN. We are trying to get through with this bill to-night.

Mr. BEGG. Mr. Chairman, I object.

The CHAIRMAN. The gentleman from Ohio objects. Is there objection to the request of the gentleman from Arkansas that he be permitted to proceed for three minutes?

There was no objection.

Mr. WINGO. In addition to that, Mr. Chairman, what do we do? Those of us who are trying to protect the independence of the local associations not only forced that amendment, but over on page 11, if gentlemen will turn to it, they will find another provision in the last paragraph on that page which simply says that as the Farm Loan Board has put a direct agent in the territory of a local association because it has failed, neglected, or refused to serve, if, afterwards that association, after it has gotten notice of that fact, will get together and adopt a resolution expressing their willingness to function and take care of their neighbors, then the Federal farm-loan bank shall be prohibited from making any more loans in that territory through the direct agent. Do not those two provisions protect as nearly as you can the independence of the local association? Not only that, but we forced another provision at the bottom of page 10, wherein we put a further burden upon the man who borrows through a direct loan. We withhold his dividends to set up a reserve to meet delinquent payments, and we provide a double stock liability upon the man who borrows independently through a direct agent that is comparable and equal to the double liability of a man who borrows through the local association. If you are not satisfied with that, when we reach those provisions, as one who is anxious to protect the local association, as one who is fighting for the cooperative association, then if you have another suggestion in the form of an amendment that will make it better, I am willing to join and help to improve the bill, but as one trying to preserve these local associations when they are tied up as they are now under the present statute, I am not willing to sit down and object to everything that is offered and not try to do something that will relieve the situation.

Mr. McFADDEN. Mr. Chairman, I move that all debate upon this section and all amendments thereto do now close.

Mr. ANDERSON. Mr. Chairman, I move as an amendment to that that all debate upon the section and all amendments thereto close in 10 minutes.

The CHAIRMAN. The question is on the amendment of the gentleman from Minnesota to the motion of the gentleman from Pennsylvania.

The amendment was agreed to.

The CHAIRMAN. The question now is on the motion of the gentleman from Pennsylvania, as amended.

The motion was agreed to.

Mr. ANDERSON. Mr. Chairman, on the 15th of October, 1921, the Joint Commission of Agricultural Inquiry made a report upon the general subject of credits, with special reference to agricultural credits. As a part of that report it recommended the passage of a bill dealing with intermediate farm credits for production and marketing purposes. Subsequently the

Senator from Wisconsin [Mr. LENROOT] and myself, in January, 1921, introduced a bill carrying out the commission's recommendations. Immediately thereafter the agricultural conference, called by the President and the Secretary of Agriculture, recommended the passage of a bill for intermediate farm credits substantially in the form proposed by Senator LENROOT and myself.

Last summer the chairman of the Committee on Banking and Currency, to which committee the bill was referred, granted me a hearing on the bill, which lasted for two days. Nothing, however, resulted from that hearing. Later on, at the beginning of the extra session, the President of the United States recommended to Congress the adoption of legislation providing for intermediate farm credits.

Hearings were had by the Senate committee. The bill was approved by the Secretary of Agriculture and the Secretary of Commerce. It passed the Senate by a unanimous vote. It came to the House Committee on Banking and Currency about the 1st of February. No action has been had upon it. I rise at this time simply to challenge the attention of this House, and especially the Members on the Republican side of the House, to the fact that intermediate credit legislation, which has the administration behind it, which has been unanimously passed by the Senate, is likely to fail because apparently the Committee on Banking and Currency is unwilling to consider it. It seems to have disappeared in a fog, out of which it is impossible to extricate it. We are now within two weeks of the end of this session. The administration and those who speak for it have promised the farmers of this country that before the end of this session there would be legislation on intermediate farm credits.

Mr. LONDON. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON. Not yet. I think that the country ought to know and that this House ought to know where the responsibility for failure to pass farm legislation lies, if farm legislation is not passed. I do not criticize the members of the Committee on Banking and Currency on the Democratic side of the House; they do not have responsibility. I am informed that they are quite willing to cooperate. I challenge the members of that committee on the Republican side of the House, who are responsible for carrying out the program of the administration which is in power, to the fact that unless immediate action is taken, unless this bill can be brought out on the floor and considered, there will be no fulfillment of the promise which we have made to the farmers of America and to the American people with reference to intermediate farm credits at this session of Congress. That is all I have to say.

Mr. CRAMTON. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON. Yes.

Mr. CRAMTON. I simply want to say to the gentleman that there are many Members of the House who join with the gentleman from Minnesota in this feeling that he has expressed, and that the matter of farm credits is of sufficient importance to justify its consideration by this House. I think it will be a distinct disappointment to many on this side if the Committee on Banking and Currency fails to send out those important measures and give opportunity for the House to consider them.

Mr. ANDERSON. Of course, it might be said that the committee was waiting for the Senate to act, but it was not necessary for it to do that. This bill has been before the committee for more than a year and there has been ample opportunity during that period for the committee to give any consideration to the bill which it thought necessary, but it did not seem to be disposed to take action on it for some reason or other. I do not know what the reason is, but it seems to me that we who have the responsibility for the carrying out of the Republican program in this Congress should find some way by which some legislation fulfilling the promise which the President of the United States has made to the American people and the American farmer can be carried out.

Mr. MOORE of Virginia. Will the gentleman yield?

Mr. ANDERSON. I will yield to the gentleman.

Mr. MOORE of Virginia. I am in full sympathy with the gentleman, and I desire to ask him when was the Senate bill referred to this committee and what action it has taken since?

Mr. ANDERSON. It was referred on the 1st of February, perhaps on the 3d, and no action has been taken as far as I am aware.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MONDELL. Mr. Chairman, the gentleman from Minnesota [Mr. ANDERSON] expressed great interest in the farm credit bills before the Banking and Currency Committee. I am as much interested in those measures as he can possibly be, and I am as anxious that the House shall have an opportunity to

pass on the question of farm credits at this session as he can be. It is a most unfortunate thing that in another body that undertook the task of working out the question of farm credits gentlemen were not able to agree among themselves and present to us in one measure a bill that would care and provide for those important interests. I am not disposed to be captious in criticism, and I suppose under the rules it is not proper for me to criticize at all, but I do believe that had this House assumed the initial responsibility for that work the question of farm credits would have been disposed of in one measure. [Applause.] And that would have been sent to the Senate—

Mr. CRAMTON. Will the gentleman yield?

Mr. MONDELL. I have only five minutes. If I had a little more time I would be glad to yield to the gentleman.

Mr. CRAMTON. For a brief question?

Mr. MONDELL. We would not, in my opinion, have passed two bills covering largely the same ground treating to a very considerable extent the same subject through different methods. But let me suggest to gentlemen the Committee on Banking and Currency is at work and is working diligently on those measures, and I have every confidence that in due time they will report. I think that committee is entitled to time to give fair consideration to those measures, and I am sure they will work diligently on the bills and that report will be made to the House. In the meantime our duty is to pass on the bill now before us. That is a measure which the Committee on Banking and Currency has had before it for a long time, long before either of the Senate bills came to the committee. The committee has presented it as their perfected work, touching the land banks and the land-bank system. When we established the land-bank system we did an unusual thing. We gave those organizing what are known as joint-stock banks the privilege of issuing securities the income from which is free from income taxes.

The CHAIRMAN. The time of the gentleman has expired; all time has expired.

Mr. MONDELL. Mr. Chairman, I ask unanimous consent that I may proceed for two minutes.

The CHAIRMAN. The gentleman from Wyoming asks unanimous consent to proceed for two minutes. Is there objection?

Mr. ANDERSON. Mr. Chairman, in view of the gentleman's opposition a few moments ago I think I shall have to object.

The CHAIRMAN. The gentleman from Minnesota objects; all time has expired, and the Clerk will read.

The Clerk read as follows:

SEC. 2. That the seventh subdivision of section 4 of said act be amended to read as follows:

"Seventh. To exercise, by its board of directors or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business herein described.

"After the subscriptions to stock in any Federal land bank by national farm-loan associations, hereinafter authorized, shall have reached the sum of \$100,000 the officers and directors of said land bank shall be chosen as herein provided and shall, upon becoming duly qualified, take over the management of said land bank from the temporary officers selected under this section.

"The board of directors of every Federal land bank shall be selected as hereinafter specified and shall consist of seven members. Three of said directors shall be known as local directors and shall be chosen by and be representative of national farm-loan associations and borrowers through agencies; three shall be known as district directors and shall be appointed by the Federal Farm Loan Board and represent the public interest. The term of office of local and district directors shall be three years.

"Within 30 days from the approval of this act and thereafter, at least two months before each election, the Federal Farm Loan Board shall divide each land-bank district into three divisions, as nearly equal as possible according to number of borrowers and the voting strength of national farm-loan associations and borrowers through agencies, and the farm-loan commissioner shall thereupon notify each association and agency in writing that an election is to be held for one local director from each of said divisions and requesting each association and agency to nominate one candidate for each division. Within 10 days of receipt of such notice each national farm-loan association and borrower through agencies shall forward nominations of residents of their respective divisions for one director for such division to said farm-loan commissioner. The farm-loan commissioner shall then prepare a list of candidates for local directors, consisting of the 10 persons receiving the highest number of votes from national farm-loan associations and borrowers through agencies for each division.

"At least one month before said election the farm-loan commissioner shall mail to each national farm-loan association and to each borrower through agencies the list of candidates for their respective divisions. The directors of each national farm-loan association shall cast the vote of said association for one of the candidates on said list and shall forward said vote to the said farm-loan commissioner within 10 days after said list of candidates is received. In voting under this section each association shall be entitled to cast a number of votes equal to the total voting strength of the stockholders in association meetings, and each borrower through agencies shall be entitled to cast one vote for each share of stock held by him in the Federal land bank not exceeding 20 shares, and shall forward said vote to the said farm-loan commissioner within 10 days after said list of candidates is received. The candidate receiving the highest number of votes in his division shall be declared elected as local director of the Federal land bank district from his division. In case of a tie, the farm-loan commissioner shall determine the choice. The nominations from which the list of candidates is prepared, and the votes of

the respective associations and borrowers through agencies for such candidates, as counted, shall be tabulated and preserved, subject to examination by any candidate, for at least one year after the result of the election is announced.

"The Federal Farm Loan Board shall designate one of the district directors to serve until December 31, 1924, one to serve till December 31, 1925, and one to serve till December 31, 1926. After their first appointment each district director shall be appointed for a term of three years. At the first regular meeting of the board of directors of each Federal land bank the local directors shall designate one of their members to serve till December 31, 1924, one to serve till December 31, 1925, and one to serve till December 31, 1926. Thereafter each local director shall be chosen as hereinbefore provided and shall hold office for a term of three years. Any vacancies that may occur in the board of directors shall be filled for the unexpired term in the manner provided herein for the original selection of such directors. At the same time that the associations and borrowers through agencies nominate the candidates for the local directors, each association and each borrower through agencies shall also nominate one candidate for director at large for the entire district, and from the three persons having the greatest number of votes for nominee for director at large, the Farm Loan Board shall select a director at large, whose term of office shall terminate on the 31st day of December, 1925, and every three years thereafter, and such director at large shall be ex officio chairman of the board during his term of office. Such seventh director may be removed by the Farm Loan Board for neglect of duty, incapacity for the work, or malfeasance in office, after charges duly preferred and a hearing had thereon, and in such cases the associations of the district shall in like manner nominate candidates for another director at large, to fill the vacancy, for whom the Farm Loan Board shall in same manner select a successor, but any person who is removed can not be nominated to succeed himself. The board of directors thus selected shall, upon qualification, immediately take over the management of each bank.

"Directors of Federal land banks shall have been for at least two years residents of the district for which they are appointed or elected, and a local director shall be a resident of his division when elected. No district director of a Federal land bank shall, during his continuance in office, act as an officer, director, or employee of any other institution, association, or partnership engaged in banking or in the business of making or selling land-mortgage loans.

"Directors of the Federal land bank shall receive, in addition to any compensation otherwise provided, a reasonable allowance for necessary expenses in attending meetings of their boards, to be paid by the respective Federal land banks. Any compensation that may be provided by boards of directors of the Federal land banks for directors, officers, or employees shall be subject to the approval of the Federal Farm Loan Board."

Mr. STRONG of Kansas. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. STRONG of Kansas: Page 7, line 7, after the word "elected" insert: "And at least one district director shall be experienced in practical farming and actually engaged at the time of his appointment in farming operations within the district."

Mr. RAKER rose.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Kansas [Mr. STRONG].

Mr. RAKER. The Chair has recognized me already. I beg the gentleman not to take me off the floor.

Mr. BLANTON. I will do that later.

Mr. McFADDEN. Mr. Chairman, at the conclusion of the remarks of the gentleman from California, I ask unanimous consent that the debate on this section and all amendments thereto be closed.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that at the conclusion of the remarks of the gentleman from California [Mr. RAKER] the debate on this section and all amendments thereto be closed. Is there objection?

Mr. BLANTON. I object. The gentleman gave me five minutes.

The CHAIRMAN. The gentleman from Texas objects.

Mr. McFADDEN. Then, Mr. Chairman, I ask unanimous consent that the debate on this section and all amendments thereto close in 10 minutes.

Mr. SNYDER. I object.

The CHAIRMAN. The gentleman from New York objects.

Mr. McFADDEN. Then I ask that at the conclusion of the remarks of the gentleman from California all debate on this section and all amendments thereto be closed.

Mr. BEGG. I reserve the right to object.

Mr. BLANTON. I make the point of order that the gentleman can not take the gentleman from California off his feet, no matter what the expediency is.

The CHAIRMAN. The gentleman from California will proceed.

Mr. RAKER. Mr. Chairman and gentlemen of the committee, when the bill creating the Federal farm-loan system was originally passed I had the pleasure of voting for it, and I have found out its beneficial effects, so far as it went, to the farmers of the West; in fact, generally over the United States. But they want it amended so as to give them further relief. The Federal farm-loan banks have been of great benefit. The joint-stock land banks have also been of great benefit. I shall personally vote for this bill as amended.

I want to call the attention of the committee to one thing, and I think I ought to do it. Mr. John Guill, jr., a present member of the board, says that these amendments will assist the present administration of this law. I have had the privilege of knowing him for over 30 years. He is a man who knows southern Oregon, Nevada, and California from one end to the other. He is what you call a real, genuine, business, successful farmer. He is interested in the farmers of California and in that country. It is the same way with the Federal farm-loan bank at Berkeley. They are earnestly in favor of it, because they believe it to be of benefit to the farmers of that country.

But what I primarily rose for, and what I want to call to your attention in addition, is that, like my friend from Texas [Mr. HUDSPETH], I am a real dirt farmer. [Laughter.] I want to read to you what has been the history of our farm business in northern California and southern Oregon. Here is a statement by the stockmen of southern Oregon with whom I am acquainted that each steer that they have sold for the last five years has cost them \$8.85 more to produce than they have been able to sell it for.

What those people want is some relief. They want to see fulfilled some of the promises that have been made. The man that did not have a reserve has gone to the wall. Only those who had a surplus and have been able to use that surplus in maintaining their property have been able to exist. Think of it. It costs them \$8.85 more to raise a steer than they get for it!

Mr. Chairman, I now ask unanimous consent that I may insert these illuminating tables in the RECORD.

The CHAIRMAN. The gentleman from California asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

The article and statement above referred to are as follows:

[From the Lake County Examiner, Lakeview, Lake County, Oreg., January 25, 1923.]

CATTLE BUSINESS IS A LOSING GAME, SAY STOCK ASSOCIATIONS—REPORT SHOWS STOCKMEN OF SOUTHERN LAKE COUNTY LOSE \$8.85 ON EVERY 2-YEAR-OLD STEER MARKETED AT PRESENT PRICES—DATA SUBMITTED RESULT OF COST RECORDS FROM A NUMBER OF STOCK RANCHES AND REPRESENTS COSTS UNDER AVERAGE CONDITIONS IN THIS SECTION—COST OF STEER PLACED AT \$66.85 AND SELLING PRICE IS \$57.

The cattle business is a losing game under present conditions and is able to continue only because stockmen have foregone any interest on their large investments and no return has been received by them for their labor or managerial activity, according to a report submitted to the National Forest by the officers of the Warner Stock Growers' Association and the Dog Lake Cattle and Horse Raisers' Association. The cost data submitted with the report show that the stockman loses \$8.85 for every 2-year-old steer he sends to market, or in other words receives \$8.85 less than the cost of production.

The report was submitted in the form of proof to show why grazing fees on the national forest should not be raised and will be submitted to the district forester's office by Supervisor Gilbert D. Brown. The cost data was worked out by the officers of both live-stock associations in cooperation with County Agent Teutsch and represents average costs taken from a number of stock ranches in southern Lake County. For the Warner Stock Growers' Association the report was signed by J. P. Duke, president, and E. A. Friday, secretary, and for the Dog Lake Cattle and Horse Raisers' Association by A. M. Smith, president, and J. D. Heryford, secretary.

It is to be hoped that stockmen throughout the country compare the costs listed with their own costs and if they disagree with the figures send their remarks to the Examiner. The report follows:

"The cost data attached hereto is the result of cost records from a number of stock ranches in southern Lake County and represents average costs under range conditions in this section at prevailing prices. The owners of these ranches from which the cost data was taken are members of the undersigned live-stock associations and represented by the undersigned officers of these associations.

"Any questions as to the method of arriving at these figures or the items contained in them will be answered by the officers of either of these associations. The figures represent costs on all classes of live stock in the average herd of stock cattle in this section.

"In looking over this cost data the question may arise as to why the cost of four months' grazing on the national forest is only 72 cents per head, while the cost of grazing on fenced pasture is \$3 per head for only three months.

"In the first place if it were not for the adjoining fenced meadows it would not be possible to utilize the national forest lands, as fenced meadows are necessary to supplement the national forest grazing in early spring and fall. These meadow lands are valued at \$40 per acre. Secondly, good feed is not available on the national forest for more than two to three months each season, and most stockmen begin gathering their cattle after they have been on the reserve from two to three months. It is an established fact also that the best grazing lands have been patented and only the poorer grass lands remain in the national forest. A map showing the Fremont Forest will readily establish this fact, as it will show how the deeded lands interlock with the national forest lands.

"The question also arises why the privately owned grazing lands lease for a much greater price than do the national forest lands. Reasons for this are as follows:

"1. It is not necessary for leasers of privately owned grazing lands to own hay ranches, while the forest permittees must own land upon which they pay taxes and many other operating costs. Thus the operating cost of those using privately owned grazing lands, who are usually transient sheep men, is much less than the forest permittees, and they can afford to pay higher grazing rates. They do not, however, tend to

stabilize the live-stock industry nor do they build up the community, as they have no property holdings which makes their permanent residence in the community necessary.

"2. Stockmen are often forced to lease this privately owned grazing land at prices set by transient sheep men in order to protect their interests on deeded grazing lands which they own and which lies adjacent.

"3. Private grazing lands can be reserved for any season of the year, while forest-reserve lands can only be utilized for grazing during the grazing period; thus private lands can be utilized later and for a longer period, and also the lessor of such lands is entitled to all the rights and privileges which he would have on his own deeded land. This fact reduces, therefore, the wintering cost of live stock, as such a system requires less high-priced hay and less fenced grazing land.

"4. Mutual permits are granted on the national forest for the grazing of both cattle and sheep on the same range, which results in less grass, shorter grazing periods, and continued feuds between the cattlemen and sheepmen occupying the area. Such permits also cause cattle to scatter and increases the cost of gathering.

"5. In certain instances it is possible for stockmen to lease deeded grazing lands adjoining their ranches, which cuts down the cost of riding and gathering and produces beef of greater weight than is possible on the national forest.

"In conclusion, the live-stock cost data herewith submitted, which is an average for this district, establishes the fact that the live-stock industry is being operated at a loss. This loss is shown in the figures which we submit in spite of the fact that many of the items are extremely conservative. For instance most of the cattle upon which this cost data was taken have been produced on hay costing from \$15 to \$20, while the cost of hay figures used is but \$6 per ton. Many stockmen are buying hay at the present time for from \$10 to \$12 per ton. It is apparent, therefore, that the only reason that the industry has been able to exist is because no interest has been made on the large investment in the live-stock business and no return has been received by the operator for his labor or managerial activity.

"Therefore, according to the facts submitted herewith, the undersigned associations know that the live-stock industry can not continue to exist if production costs are increased, especially the grazing costs on the national forest, as we believe that we are paying at the present time all that such grazing is worth and all that the industry can possibly afford."

Following is the estimated cost of production data on cattle compiled by the Warner Stock Growers' Association and the Dog Lake Cattle and Horse Raisers' Association in southern Lake County, and representing average costs for this district.

Cost of running a cow one year—from October to October.

Replacement cost on old cows, depreciation	\$1.50
Interest on \$30 at 8 per cent	2.40
Death loss, 3 per cent on \$30	.90
Taxes, 25 mills on \$30	.75
Riding and salt	2.00
Grazing four months on national forest	.72
Grazing three months under fence	3.00
Hay for winter, 1½ tons at \$6	9.00
Cost of feeding hay at \$1 per ton	1.50
Bull charges	1.50

Total	23.27
Estimated value of calf, 350 pounds, at 5 cents	17.50
Cost per calf with a 65 per cent calf crop	35.80

Cost of running a calf from weaning until it is 18 months old.

Interest on calf at 8 per cent on \$17.50, actual value	1.40
Death losses, 3 per cent on \$17.50	.52
Taxes, 25 mills on \$20	.50
Riding and salt	1.50
Hay for winter, 2 ton at \$6	4.50
Feeding cost at \$1 per ton	.75
Grazing 4 months on national forest	.72
Grazing 3 months on fenced pasture	3.00

Total	12.89
Estimated value at end of year, 600 pounds at 5 cents	30.00
Increase in value for year	12.50

Cost of running a steer from 18 to 30 months of age.

Taxes, 25 mills on \$25	.64
Interest on steer, 8 per cent on \$30	2.40
Death losses, 3 per cent on \$30	.90
Riding and salt	1.50
Hay for winter, 1 ton at \$6	6.00
Cost of feeding at \$1 per ton	1.00
Grazing two months on national forest	.72
Grazing four months on fenced pasture at \$1	4.00

Total	17.16
Estimated value of a 950-pound steer at 6 cents	57.00
Increase in value for year	27.00

Cost of producing a 2-year-old steer.

Calf cost	35.80
Yearling cost	12.89
Two-year-old cost	17.16

Total	65.85
Average price received for steers in district, 950 pounds at 6 cents	57.00

Loss	8.85
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Mr. BLANTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. McFADDEN. Mr. Chairman, I move that all debate on this section and all amendments thereto be now closed.

Mr. BEGG. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman from Pennsylvania moves that all debate on this section and all amendments thereto be now closed.

Mr. JONES of Texas. Mr. Chairman, I offer an amendment that debate close in 20 minutes.

The CHAIRMAN. The gentleman from Texas moves to amend by making debate close in 20 minutes.

Mr. BLANTON. I offer a substitute, that debate close in 10 minutes.

The CHAIRMAN. The gentleman from Texas [Mr. BLANTON] offers a substitute that debate close in 10 minutes. The question is on the substitute offered by the gentleman from Texas [Mr. BLANTON].

The question being taken, the substitute was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. JONES].

The question being taken, on a division (demanded by Mr. JONES of Texas and Mr. BLANTON) there were—ayes 60, noes 77.

Mr. BLANTON. Mr. Chairman, I ask for tellers on that vote.

SEVERAL MEMBERS. Oh, no.

Mr. BLANTON. We are not going to be gagged or hog tied.

The CHAIRMAN. The gentleman from Texas asks for tellers. Tellers were ordered, and the Chairman appointed Mr. McFADDEN and Mr. JONES of Texas.

The committee again divided, and the tellers reported—ayes 41, noes 85.

Accordingly the amendment of Mr. JONES of Texas was rejected.

Mr. FIELDS. Mr. Chairman, I move that the committee do now rise.

The CHAIRMAN. The gentleman from Kentucky moves that the committee do now rise.

The question being taken, on a division (demanded by Mr. FIELDS) there were—ayes 51, noes 74.

Mr. FIELDS. Tellers, Mr. Chairman.

The CHAIRMAN. The gentleman from Kentucky demands tellers.

Tellers were ordered, and the Chairman appointed Mr. McFADDEN and Mr. FIELDS.

The committee again divided, and the tellers reported—ayes 55, noes 80.

Accordingly the motion that the committee rise was rejected.

The CHAIRMAN. The question recurs on the motion of the gentleman from Pennsylvania [Mr. McFADDEN] that debate on this section be now closed.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 90, noes 28.

Mr. BLANTON. Mr. Chairman, may we have tellers on that vote?

The CHAIRMAN. The gentleman from Texas demands tellers. Those in favor of ordering tellers will rise and stand until they are counted. [After counting.] Seven Members rising, not a sufficient number, and tellers are refused. The question now recurs on the amendment offered by the gentleman from Kansas [Mr. STRONG].

Mr. BLANTON. Mr. Chairman, a point of order. Where seven Members vote for tellers and no one rises against tellers, I make the point of order that the negative vote should be taken.

Mr. MONDELL. I demand the regular order, Mr. Chairman.

The CHAIRMAN. There is no merit in the point raised by the gentleman from Texas. The regular order is to vote on the amendment offered by the gentleman from Kansas [Mr. STRONG].

The question being taken, the amendment of Mr. STRONG of Kansas was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Sec. 3. That section 9 of said act be amended by adding thereto the following:

"Upon liquidation of any national farm-loan association the stock in the Federal land bank held by such association shall be canceled and the Federal land bank shall thereupon issue to the borrowers through such association an amount of stock in the Federal land bank equal to the amount of stock held by such borrowers in the liquidated association, such stock to be held by the bank as collateral to the loans of such borrowers and to be paid off and retired at par in the same manner as stock held by borrowers in farm-loan associations, and the Federal land bank shall pay to the borrowers holding such stock the same dividends as are paid to national farm-loan associations by such bank. The personal liability of the stockholders in such liquidated association to the association shall survive such liquidation and shall be vested in the bank in that district, which may enforce the same as fully as the association could if in existence."

Mr. McFADDEN. Mr. Chairman, I move that all debate on this section do now close.

Mr. BLANTON. I make the point of order that that motion is not in order, because there has been no debate.

Mr. McFADDEN. I withdraw that motion. I do not want to be too strict about this, but I want to say to the Members

here that this is an important bill, and we are very anxious to get it passed to-night. If we are to do this, to grant this relief to the farmers of the country through these amendments, it is necessary that we give attention to this bill and stop our fooling.

Mr. BLANTON. Will the gentleman yield for a question?

Mr. McFADDEN. I yield to the gentleman from Texas.

Mr. BLANTON. Is it so important to get it through to-night that the gentleman is only willing for his leader on the other side to speak on it and that nobody else shall have any time?

Mr. McFADDEN. I believe that is hardly a fair statement. I call attention to the fact that there have been three hours of general debate and that several speeches have been made under the five-minute rule.

Mr. WINGO. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Arkansas.

Mr. WINGO. I wish the gentleman would permit me to say to this side of the House that the gentleman from Pennsylvania has assured us that we will have liberal debate on bona fide contested questions when reached, and the gentleman's desire in closing down now is to save time for debate on disputed questions.

Mr. McFADDEN. The gentleman is perfectly correct on that.

Mr. WINGO. And if the gentleman will stay and help us, we will have liberal debate on disputed points.

Mr. BLANTON. Mr. Chairman, I ask for the regular order.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. McFADDEN] has the floor.

Mr. McFADDEN. I yield to the gentleman from North Dakota [Mr. BURTNESS] to offer an amendment.

The CHAIRMAN. The gentleman from North Dakota [Mr. BURTNESS] is recognized for the purpose of offering an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. BURTNESS: Page 7, line 22, strike out the figure "9" and insert in lieu thereof the figure "29."

Mr. BURTNESS. Mr. Chairman, the purpose of the amendment is plain. Section 9 does not relate in any way to the liquidation of these associations. It simply contains some provisions with reference to obtaining loans, and so forth. Section 29 of the original act covers specifically the question of dissolution and the appointment of receivers and I do not think there is any doubt that it was section 29 that was intended.

I ask unanimous consent to revise and extend my remarks in the Record.

The CHAIRMAN. The gentleman from North Dakota asks unanimous consent to revise and extend his remarks in the Record. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Chairman, I accept that amendment.

Mr. JONES of Texas. Mr. Chairman, I ask for recognition.

Mr. BLANTON. I rise in opposition to the amendment.

Mr. McFADDEN. Mr. Chairman—

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota [Mr. BURTNESS].

Mr. BLANTON. I rise in opposition to the amendment.

Mr. MONDELL. The chairman of the committee is asking for recognition and is entitled to it.

The CHAIRMAN. The gentleman from Pennsylvania.

Mr. McFADDEN. The amendment which the gentleman from North Dakota has offered is entirely agreeable to the committee.

I move that all debate on this section and amendments thereto do now close.

Mr. CONNALLY of Texas. Mr. Chairman, a point of order. Are there not five minutes allowed for the amendment and five minutes against it?

The CHAIRMAN. After five minutes' debate it is in order to move to close debate.

Mr. LONDON. I desire to offer an amendment.

The CHAIRMAN. The Chair will state the question. The question is on the motion of the gentleman from Pennsylvania. The gentleman from Pennsylvania moves that debate on this section and all amendments thereto do now close.

Mr. LONDON. Mr. Chairman, I offer an amendment that the debate close in 20 minutes.

The CHAIRMAN. The gentleman from New York moves to amend that the debate close in 20 minutes. The question is on the amendment offered by the gentleman from New York.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The question recurs on the motion of the gentleman from Pennsylvania, [Mr. McFADDEN] that the debate be now closed.

The question was taken; and on a division (demanded by Mr. BLANTON) there were 92 ayes and 20 noes.

So the motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota [Mr. BURNES].

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

SEC. 3. That section 9 of said act be amended by adding thereto the following:

"Upon liquidation of any national farm-loan association, the stock in the Federal land bank held by such association shall be canceled and the Federal land bank shall thereupon issue to the borrowers through such association an amount of stock in the Federal land bank equal to the amount of stock held by such borrowers in the liquidated association, such stock to be held by the bank as collateral to the loans of such borrowers and to be paid off and retired at par in the same manner as stock held by borrowers in farm-loan associations, and the Federal land bank shall pay to the borrowers holding such stock the same dividends as are paid to national farm-loan associations by such bank. The personal liability of the stockholders in such liquidated association to the association shall survive such liquidation and shall be vested in the bank in that district, which may enforce the same as fully as the association could if in existence."

Mr. DAVILA. Mr. Chairman, I offer an amendment.

Mr. STEAGALL. Mr. Chairman, I am a member of the committee, and I desire to be recognized to offer an amendment.

The CHAIRMAN. The gentleman from Alabama, a member of the committee, is recognized to offer an amendment.

Mr. STEAGALL. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment by Mr. STEAGALL: Page 9, line 13, after the colon, strike out all down to the colon in line 20.

Mr. STEAGALL. Mr. Chairman, I do not desire to argue this proposition at length. I merely wish to state the effect of the amendment I have offered. It is to raise the maximum loan limit to \$16,000 with the proviso that all applications for loans not exceeding \$10,000 shall be given preference. In my judgment it is unwise to raise the maximum amount of loans which the land banks may make to the amount of \$25,000. I am willing to raise the limit to cover any increase in land values since the passage of the farm loan act. But I do not want to take off all limitations. I am willing to go part of the way, and for that reason I have offered the amendment making \$16,000 the maximum amount to be allowed. That will take care of the average farm even in States where lands are high. The average farm unit is 160 acres. Under the rules put in effect by the Farm Loan Board no loan shall be made anywhere in excess of \$100 an acre. There are many things that might be said bearing on this question that have not been said in the debate so far, but on account of the temper of the committee and the impatience which seems to prevail, I do not care to use extended time in debate.

Mr. DICKINSON. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. DICKINSON. In the gentleman's former remarks he stated that to increase the loan limit would absorb the bond market. As a matter of fact, is not the same large-sized loan the land bank loan, absorbed in exactly the same market as the bonds are absorbed?

Mr. STEAGALL. Yes; but the joint-stock land banks are operated in a different way. The interest on the bonds is different. They are privately owned corporations. The two systems are entirely different and separate, and should be kept so.

Mr. DICKINSON. Are not their bonds marketed in the same market as the farm-loan bonds?

Mr. STEAGALL. I grant you that. If we adopt the policy of pulling down the bars, we may assist in the effort being made to take away the tax-exempt bonds of the farm-loan system.

There is persistent clamor in many quarters for legislation to prevent the issuance of tax-free securities. Even many of those who are going to vote to increase 150 per cent the amount of loans which the Federal land banks may make, all of which are based on tax-exempt securities, were only recently loud advocates in this House of the resolution providing for the submission of a constitutional amendment to prevent further issuance of tax-exempt bonds. If we are going to extend the benefits of the system to take care of the farmer with a \$50,000 farm, and who does not need the benefits of Government aid, we shall put into the hands of the enemies of the farm-loan system the most dangerous and effective weapon that can be used against it. [Applause.]

Mr. A. P. NELSON. Mr. Chairman and gentlemen of the House, it seems to me this matter has been thoroughly discussed in general debate. We ought to take into consideration the fact that this matter has been thoroughly gone over by the Federal Farm Loan Board, which is interested in the welfare and extension of the Federal farm-loan system. We had it thoroughly discussed by the subcommittee and by the full committee, and

the committee, with the exception of the gentleman from Alabama [Mr. STEAGALL] and possibly Mr. BLACK, of Texas, are in favor of the amendment as it is in the bill. I believe we are making it possible for the Federal land-bank system to function in the highest degree for the interest and benefit of those sections of the country where the raising of the present limit from \$10,000 to \$16,000 is absolutely essential in order to take care of the farmers' needs.

Mr. BLACK. Will the gentleman yield?

Mr. A. P. NELSON. Yes.

Mr. BLACK. The gentleman will recall that in committee I reserved the same right as did the gentleman from Alabama [Mr. STEAGALL] to fix \$16,000 as the loan limit.

Mr. MONDELL. Will the gentleman yield?

Mr. A. P. NELSON. Yes.

Mr. MONDELL. Is it not true that practically all over the country, even those who have heretofore contended for \$10,000 limitation, there is now a very general demand for this increase?

Mr. A. P. NELSON. There is, and, furthermore, I want to make this clear to the committee that we make provision that preference is to be given to all applications for loans under \$10,000, so that the interest of the small farmer is fully protected and safeguarded.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. A. P. NELSON. Yes.

Mr. CHINDBLOM. Have we not had sufficient debate upon this question?

Mr. A. P. NELSON. I think so, Mr. Chairman; I move that debate upon this amendment do now close.

The CHAIRMAN. The gentleman from Wisconsin [Mr. A. P. NELSON] moves that all debate upon this amendment do now close.

Mr. BLANTON. Mr. Chairman, I move to amend that by providing that it close in 10 minutes.

Mr. MONDELL. Mr. Chairman, this is an important question, and if gentlemen really want to debate it for 10 minutes longer I think they ought to have that privilege.

Mr. A. P. NELSON. Mr. Chairman, I modify my motion to make it 10 minutes.

Mr. MONDELL. Mr. Chairman, I think we might get an agreement to close debate upon the section in 20 minutes.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent that all debate upon this section and all amendments thereto close in 25 minutes.

The CHAIRMAN. Is there objection?

Mr. FREE. Mr. Chairman, I object.

Mr. McFADDEN. Then, Mr. Chairman, I move that all debate upon this section and all amendments thereto close in 25 minutes.

The motion was agreed to.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word. When this bill was first introduced it provided for a maximum loan of \$25,000. The committee has rewritten the bill. It has not merely rewritten this one paragraph, but if gentlemen will turn to the bill and see what it was when the committee got through with it they will see that its own grandmother would not know it now. Yet the bill that the committee has brought in had patent defects in it. The gentleman from North Dakota [Mr. BURNES] a few moments ago called attention to the fact that in section 3 the bill sought to amend section 9 of the law, but that it was not meant to amend section 9; it was another section entirely that was meant. He had that corrected. That shows that there are defects in it, and I submit to my colleague now whether there is any chance to pass wise legislation with the Committee of the Whole House in such frame of mind as it is in now.

Mr. MONDELL. Mr. Chairman, this debate was extended because gentlemen said they wanted to discuss this paragraph and this amendment. I make the point of order that the gentleman from Texas is not discussing the matter before the committee.

The CHAIRMAN. The gentleman will proceed in order.

Mr. BLANTON. It would seem, Mr. Chairman, that nobody can express himself except the gentleman from Wyoming.

The CHAIRMAN. All gentlemen will confine themselves to the matter before the committee.

Mr. BLANTON. Mr. Chairman, I have a right in the latitude of debate to call attention to the fact that we are now considering an amendment when the committee is not in such a mood or frame of mind that will permit of wise legislation. Therefore I look with care, not only upon the action of the committee in offering this paragraph but I look with care on any amendment offered and on the remarks made upon any amendment. I submit to the Committee of the Whole that when it gets into this frame of mind we ought to take a recess, we ought to go

and get some dinner, we ought to get into a clearer frame of mind in order to pass important legislation.

Mr. CLARKE of New York. Mr. Chairman, I make the point of order that the gentleman is not discussing the matter before the committee.

Mr. BLANTON. Mr. Chairman, it may not be patent to the gentleman from New York that I am discussing the subject, but it is very patent to other gentlemen. The gentleman from Wyoming has ceased to make objection. I have convinced him that I am in order, and surely when the gentleman from Wyoming sits down, the gentleman from New York ought to remain silent.

Mr. BURTNESS. Mr. Chairman, I rise in opposition to the pro forma amendment, and in doing so I want to advise the committee of an amendment which I have sent to the desk, which will come up in due course, relating to lines 5 and 6 on page 9. My amendment is to strike out everything after the word "mortgage," in line 5, namely, the words "incurred for agricultural purposes, or incurred prior to January 1, 1922." I feel that any man who is a bona fide farmer, residing on the land or farming his own land, ought to be entitled to obtain a loan when he needs it, regardless of what he may have incurred such indebtedness for and without some investigator trying to find out what the indebtedness was for. He should be entitled to make the loan even though he incurred debts in some business enterprise outside of his farm; he may have lost his money in some cooperative industry which he was trying to conduct for the benefit of his community or in some other business, or even in buying some mining stock in the State of my friend, the State of Arkansas, or elsewhere.

Mr. WINGO. There are a lot of them like that, and the gentleman realizes that his amendment would destroy all that goes before it.

Mr. BURTNESS. Oh, not at all, because the other provisions are still there and would remain. The applicant would still have to be a farmer or be farming his land, and if he is in debt and about to lose his farm, or for any legitimate reason needs the loan, if he has security that is ample, coming within the provisions of the law, he ought to be entitled to the help of the law. In other words, by adopting my amendment this Federal agency would deal with the applicant in a business way, would determine whether he is worthy, whether he is a farmer under the terms of the act, and whether the security offered is ample—just as any private loan agency would do—and would accept or reject the loan upon its merits alone.

Mr. JONES of Texas. Mr. Chairman and gentlemen of the committee, like my colleague from Texas [Mr. HUDSPETH], I am in favor of increasing this limit. It is one of the few things in the bill that I am in favor of, because I think you will reduce the overhead expense by increasing the loan limit. It costs no more to make a large loan than to make a small one. I believe the market will absorb the bonds. This is an important matter in this connection. If this paragraph were standing alone it would be all right, but when you link it up with the succeeding paragraph, which authorizes loans to be made through agents who get a commission, then the agent is going to try to make a big loan in order to get a big commission in preference to trying to make a little loan. Consequently, section 5 should go out of the bill.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. JONES of Texas. No.

Mr. STEVENSON. I call attention to the fact that the secretary-treasurer gets exactly the same commission.

Mr. JONES of Texas. No; if you will turn over to the next paragraph, it says not exceeding 1 per cent of the amount of the loan made may be paid to the agent.

I do not want to get into a controversy with the gentleman. I want to ask you gentlemen, as reasonable men, if you execute a big loan; if you, as an agent, get a commission for execution in accordance with the size of the loan, are you not going to prefer a big loan? That is the reason why the next section should be stricken out.

Mr. EVANS. Will the gentleman yield?

Mr. JONES of Texas. I can not. The next section should be stricken out, because it authorizes loans to be made through agents. Now, listen: Several members of the committee have called attention to the fact that the present law permits loans through agents; but if you will turn to section 15 of the present law you will find it permits loans through agents, but it says that no agent except a bank or trust company may act, and that bank or trust company must indorse the loan. There is a great deal of difference in having a loan made through individual agents who need not indorse and where a bank or trust company must act as collector and also indorse the same.

Mr. A. P. NELSON. Will the gentleman yield?

Mr. JONES of Texas. I am sorry that I can not. That is the point I am making. You know as man to man that if a man can get a loan without forming an association he is going to get it that way. If you had the privilege of getting a loan through agents, you would not form your association. And I want to say this, gentlemen, and I want you to listen; the heart of the farm-loan association is the local association, where every neighbor knows every other neighbor, and he is not going to agree to a loan unless that loan is good, and you are destroying the heart of this system if you adopt this measure with section 5 included. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. DAVILA. Mr. Chairman, I offer my amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

On page 9, line 22, after the word "under," add a new paragraph as follows:

"Provided further, That section 4 as amended by the act of February 27, 1921, authorizing the establishment of a branch bank in Porto Rico and providing that 'loans made by such branch bank when so established shall not exceed the sum of \$5,000 to any one borrower,' is hereby amended by striking out '\$5,000' and substituting therefor '\$10,000.'"

Mr. STEVENSON. Mr. Chairman, I reserve the point of order; I do not care to make it at the moment.

Mr. DAVILA. Mr. Chairman, if there is no objection, I desire the Clerk to read the following letter from the farm-loan commissioner.

The CHAIRMAN. Without objection, the Clerk will read the letter in the time of the gentleman.

There was no objection.

The Clerk read as follows:

TREASURY DEPARTMENT,
FEDERAL FARM LOAN BUREAU,
Washington, February 14, 1923.

HON. FELIX CORDOVA DAVILA,
Commissioner for Porto Rico, House of Representatives.

DEAR MR. COMMISSIONER: In response to your inquiry as to the attitude of the Farm Loan Board toward increasing the maximum loan limit under the farm loan act, as applied to the island of Porto Rico, from \$5,000 to \$10,000, permit me to state that preliminary investigation of the situation of agriculture on the island led us strongly to feel that the limitation of \$5,000 would not enable the Porto Rico branch of the Baltimore bank to extend the farmers on the island all the service to which they were reasonably entitled.

This branch bank is now in operation, having proceeded very carefully and conservatively, and the views suggested above are fully confirmed by the study of the situation by the resident manager, Mr. Ernest B. Thomas, in whose judgment and integrity of purpose we have absolute confidence. The board would, therefore, unanimously approve an amendment to the enabling act changing the maximum from \$5,000 to \$10,000, believing that to make such loans would be of real service to the island and would lighten the burden on the Federal Land Bank of Baltimore which its establishment temporarily imposes.

Yours very truly,

CHAS. E. LOBBELL,
Farm Loan Commissioner.

Mr. DAVILA. Mr. Chairman, the purpose of my amendment is to extend to Porto Rico some of the privileges that will accrue to the farmers of the United States under the terms of this bill. We are not asking for the full measure of the opportunities and benefits carried in this bill, but we do ask you in all fairness that its spirit be extended to our island, especially as there exist as many reasons to allow our island farmers the same means of credit as are made available to men engaged in the same occupation here in the United States.

Under the terms of section 4 of the Strong bill the Federal Farm Loan Board, if satisfied with the security tendered, can authorize loans in the interest of agricultural development up to \$25,000.

We are only asking for two-fifths of that sum, if the board, after subjecting our applications to the same scrutiny, find that loans not to exceed \$10,000 are in the interest of agricultural development on the island of Porto Rico.

The Committee on Banking and Currency stated in its report favoring the increase of loans to \$25,000 for continental American farmers that this proposition "has been generally indorsed by the farmers' organizations of the country," adding that the hearings before the committee had clearly shown that the present limitation was inadequate in many States. These statements apply with equal force to Porto Rico. On that island the needs of a certain percentage of the farmers can be adequately taken care of under the provisions of the present law. On the other hand, there are plantations on the island whose fiscal operations are on such a scale that they would not be even remotely provided for under the maximum benefits extended by this act to the agricultural interests of continental America.

But the purpose of my amendment is not to reach either of these extreme conditions.

There is a large and growing class of farmers in Porto Rico who stand on middle ground between the humble man who cultivates from 1 to 20 acres and the corporations who repre-

sent the absentee owners who have investments in our best sugar and tobacco lands.

These independent farmers, who correspond with the better class of continental American farmers, have been growing in numbers and importance in proportion as Porto Rico has been undergoing industrial development since American occupation. It is for this class of Porto Rican farmers that I appeal to you in behalf of this amendment. The branch of agriculture in which these men are engaged is one that especially calls for an available supply of funds, for they are either engaged in the cultivation of sugar cane, which must be sold to the corporations operating the large centrals, or else they are producers of coffee, which must look abroad for a market. The American taste has become accustomed to Brazilian coffee, and until this is changed our coffee farmers must sell to foreigners. For this reason they are in more pressing need of easy terms of credit than any other class of American farmers.

So much for coffee; now as to sugar. Unlike the grain crops of continental America, the sugar is not "machine-made." From the time it is planted until it is harvested it requires an immense amount of hand labor, and in this respect it more nearly approximates conditions in the Cotton States. Those of you who are familiar with agriculture know that this makes necessary a certain amount of ready cash for hired help if the farmer is to work his growing crop, fertilize it, and give it the proper attention. Too often the Porto Rican colono is compelled to sacrifice his years of labor to the sugar corporations at a ruinous figure because he does not have banking facilities. On the other hand, if instead of dealing with the larger sugar companies he attempts to secure an adequate loan from merchants or bankers, he is subjected to usurious and ruinous rates of interest.

I have information from the Farm Loan Board to the effect that the system is working satisfactorily in the island. There are 562 pending loans, amounting to \$1,162,800. There are 251 approved loans and in process of closing, amounting to \$517,600. The Porto Rico office has been behind in its work of appraisal and has asked that two additional appraisers be appointed. This is the reason why the volume of work has not been greater.

There are 2,222,404 acres of land in the island, and the average acreage per farm is 49.2.

The population of Porto Rico is 1,299,809. There is disseminated through vale and mountain a rural population of more than 800,000, the remaining being congregated in urban precincts.

The rate of interest in the absence of an agreement is 6 per cent, but it can be extended by contract to 12 per cent. Within this limit it is lawful to discount bills and notes and other similar obligations.

The distribution of credits among the farmers is generally effected by the merchants, the sugar centrals, and the Tobacco Trust. The banks in Porto Rico lend at 10 per cent interest, for a term varying from three to four months, sums of money not in excess of \$1,000, and 9 per cent on sums over that amount.

It is very difficult for a small farmer to borrow money from the commercial banks. In the first place, money circulation in the island is less than \$5 per capita and the banks, with this small amount of money in circulation, are unable to allow long-time loans. In the second place, they usually lend money to the big interests and ask of the small farmer guaranties that he can not afford to give. So the farmer is bound to borrow the money he needs from the merchant, who is practically his banker, at a rate of interest of 12 per cent and sometimes much more than that.

The increase of the loans from \$5,000 to \$10,000 will not cost a cent to the United States and will be very valuable to the farmers in Porto Rico. Now if the reasons to extend the credit in the States are good they are also sound and good in Porto Rico, but realizing the difficulties of obtaining the same increase for Porto Rico we limit our petition to \$10,000, with the hope that there will be no opposition to our reasonable request.

Mr. CHAIRMAN, I ask unanimous consent to revise and extend my remarks in the Record.

The CHAIRMAN. The gentleman from Porto Rico asks unanimous consent to revise and extend his remarks in the Record. Is there objection?

There was no objection.

Mr. QUIN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Mississippi offers an amendment, which the Clerk will report:

The Clerk read as follows:

Amendment offered by Mr. QUIN: Page 9, line 7, strike out the words beginning with line 7 down to the end of line 22.

Mr. QUIN. Mr. Chairman, that includes the two last paragraphs of section 4.

Mr. McFADDEN. The debate on that paragraph is exhausted.

Mr. KNUTSON. I hope that will not be taken out of the gentleman's time.

Mr. QUIN. This is the part of the bill that raises the maximum loan limit. It raises it to \$16,000, and when you come down to line 20 you make it \$25,000. By striking these two paragraphs out of the bill, if you pass my amendment, you have a maximum of only \$10,000, after you have cut away the farm-loan association in every county in the United States.

Now, the proposition before this House is whether or not you propose to come, taking the vitals out of the farm loan act, and kill its usefulness to the small farmers, and put the Government in the business of operating large loans for great, large plantations that do not need this aid from the Government; or will you let the law stand as it is, serving the small farmers? Gentlemen, this act was originally passed from dire necessity, so that the small farmers of the United States could make these loans, so as to save their farms and prevent themselves from going into bankruptcy. The apparent purpose of this Strong amendment that is offered to the farm loan act would take away that right from the little farmers of the United States, because there is an effort made now on every hand to make these securities taxable both by the Federal and State Governments.

If we are going to go into the business of putting up \$25,000 loans and cutting out these little local farm-loan associations that practically guarantee every dollar that the United States Government underwrites in this way, and allow an agent to go in and get a fee and a bonus and make loans, helter-skelter, with no neighborhood security, no neighborhood supervision to see that an honest deal is given, you can look for only trouble and confusion.

Practically all of the farmers' organizations are begging us to kill the Strong bill or amendment. To-day these securities are selling at a premium. Farm-loan bonds now are selling at such a premium that the farmer has to pay only 4½ per cent. Who would interfere with that? Do you not know that if you put the limit at \$16,000 and \$25,000 the little sand-hill farmer, the little man down in the valley, the little man with a beehive near his house, is going to suffer? The original farm loan act was passed for the benefit of the poor man, the poor farmer; and here you are endeavoring to create a great big system of farm banking in which the Government will be engaged, to destroy the farm loan act so far as the small farmer is concerned, to help whom? You surely can not represent the small farmers in your districts. You surely can not represent the man that needs paternal help from the Federal Government. Whom do you contemplate helping? It occurs to me that the big farm-loan mortgage companies in the United States and the great insurance companies and the savings banks are able to take care of these \$16,000 and \$25,000 loans, and the Government farm loan law ought to continue to take care of the small farmer. [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. McFADDEN. Mr. Chairman, how much time remains?

The CHAIRMAN. Three minutes.

Mr. KETCHAM. Mr. Chairman, I have an amendment which I wish to offer.

The CHAIRMAN. The gentleman from Michigan offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KETCHAM: Page 9, line 5, after the word "purposes," strike out the comma and the words "or incurred prior to January 1, 1922."

Mr. KETCHAM. Mr. Chairman and gentlemen of the committee, the purpose of my amendment will be to restrict the provisions of this section of the bill, which, it occurs to me, are altogether too broad.

I call your attention to the fact that this is a measure designed to be of benefit to the farmer, and I believe that this section should be restricted so that any mortgage indebtedness which has been incurred previous to January 1, 1922, or thereafter, should be limited to agricultural purposes.

I sincerely trust that the amendment will be approved by the whole committee, and thus perfect the bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Michigan has expired. All time has expired.

Mr. STRONG of Kansas. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. All time has expired. There are now several amendments to this section on the Clerk's desk. The committee will vote on the amendments in the order in which

they were sent to the Clerk's desk. Without objection, the Clerk will report the first one.

The Clerk read as follows:

Amendment offered by Mr. STEAGALL: Page 9, line 13, after the colon, strike out all down to the colon in line 20.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Alabama.

The question was taken, and the Chairman announced that the "noes" seemed to have it.

Mr. STEAGALL. A division, Mr. Chairman.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 46, noes 59.

So the amendment was rejected.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment by Mr. DAVILA: On page 9, line 22, after the word "under" add a new paragraph as follows: "Provided further, That section 4 as amended by the act of February 27, 1921, authorizing the establishment of a branch bank in Porto Rico and providing that loans made by such branch bank when so established shall not exceed the sum of \$5,000 to any one borrower, is hereby amended by striking out "\$5,000" and substituting therefor "\$10,000."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Porto Rico.

The question being taken, on a division (demanded by Mr. STEVENSON) there were—ayes 93, noes 8.

Accordingly the amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment offered by Mr. QUIN: Page 9, line 7, strike out the words beginning with line 7 to the end of line 22.

The CHAIRMAN. The question is upon the amendment offered by the gentleman from Mississippi [Mr. QUIN].

The question being taken, the amendment was rejected.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment offered by Mr. KETCHAM: Page 9, line 5, after the word "purposes" strike out the comma and the words "or incurred prior to January 1, 1922."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. KETCHAM].

The question being taken, on a division the Chairman announced that the noes appeared to have it.

Mr. BLANTON. I ask for a division, Mr. Chairman. That is a good amendment.

The committee divided; and there were—ayes 23, noes 79.

Accordingly the amendment was rejected.

Mr. BEGG. Mr. Chairman, I move that the committee do now rise.

The CHAIRMAN. The gentleman from Ohio moves that the committee do now rise.

The question being taken, on a division (demanded by Mr. BEGG) there were—ayes 46, noes 67.

Accordingly the motion was rejected.

Mr. BEGG. Mr. Chairman, I offer a preferential motion.

The CHAIRMAN. The gentleman from North Dakota has an amendment on the Clerk's desk.

Mr. BEGG. I have a preferential motion. I move to strike out the enacting clause.

The CHAIRMAN. The gentleman from Ohio moves to strike out the enacting clause.

Mr. McFADDEN. Mr. Chairman, I hope that motion will not prevail.

Mr. BEGG. Mr. Chairman, I demand the floor.

The CHAIRMAN. The gentleman has the floor.

Mr. BEGG. Mr. Chairman and gentlemen of the committee—

Mr. MONDELL. Mr. Chairman, all debate is closed.

The CHAIRMAN. Debate is closed on this section, but the Chair is of the opinion that as this motion does not relate to the section, the gentleman has a right to discuss it for five minutes.

Mr. DOWELL. Mr. Chairman, the gentleman has the right to make the motion, but I submit that he has no right to discuss it.

Mr. McFADDEN. Debate is closed on this section.

The CHAIRMAN. It is true that debate is closed on this section, but not on the motion to strike out the enacting clause.

Mr. BEGG. Mr. Chairman, everybody knows that this motion is debatable.

The CHAIRMAN. The motion to strike out the enacting clause is debatable. The Chair has recognized the gentleman from Ohio to discuss it for five minutes.

Mr. BEGG. Mr. Chairman and gentlemen of the committee, I shall not consume five minutes. [Applause.] I have offered

this motion because this proposition is a vital one to a good many hundreds of millions of dollars that have been bona fide invested under the laws of the United States; and if the time has come when it is a crime to be interested in private industry that is serving the public on the same cost basis as the Government is serving it, then I want to disavow my obligation along that line.

There is enough in this bill to merit a reasonable and fair discussion—more than we are getting this afternoon by moving to close debate.

Mr. BLANTON. You are right.

Mr. BEGG. I am perfectly willing to have a show-down, and if I am outvoted by the men who represent business as well as the farmers—and farming is a business—I want to protest against the passage of a stampede motion because the leader says we want to do it to-night. If you want to ruin millions and hundreds of millions of dollars honestly invested and come out and stand for the Government going into private business, then go ahead.

Mr. MONDELL. Mr. Chairman, I do not know just what the gentleman from Ohio has in mind in suggesting that this bill will destroy private enterprise or interfere unfairly with private business or jeopardize large sums now invested. All of the money that is invested in competition with the farm loan banks through joint-stock banks is enjoying a governmental privilege that no other private interest or enterprise enjoys.

Mr. BEGG. Will the gentleman permit just one question?

Mr. MONDELL. Just let me finish my statement, please.

Mr. BEGG. Certainly.

Mr. MONDELL. We provided for the joint-stock land banks and we gave them a certain privilege of very great value to them. We will all of us regret having done that if every time it is proposed to broaden or extend the business of the Federal land banks we are to be met with the opposition of gentlemen who are enjoying this special privilege of having their obligations free from Federal taxes.

Mr. BEGG. Will the gentleman yield?

Mr. MONDELL. I yield to the gentleman from Ohio.

Mr. BEGG. In the first place, the gentleman misstates when he says our obligations are free from Federal taxes. It is only the buyer of the bonds who escapes that. But that is not the question I want to ask the gentleman.

Does the gentleman believe it is fair competition to have the Government appoint an agent in every county in the United States to get business? If they can not get business on fair competition they ought to go out of business.

Mr. DOWELL. The gentleman from Ohio is seeking to protect the mortgage companies as against the interests of the farmers.

Mr. MONDELL. The gentleman is getting on very questionable ground when he says that the Government shall not have the same opportunity to secure business that a private individual has who is enjoying a special privilege.

Mr. STEVENSON. Will the gentleman yield?

Mr. MONDELL. I yield to the gentleman from South Carolina.

Mr. STEVENSON. I call the gentleman's attention to the fact that the Government has been paying all the overhead expenses of these institutions, which amount to 50 per cent of the expenses of the Farm Loan Board, and we propose by this bill to make them pay their half.

Mr. MONDELL. I suppose that is one reason why there is all this opposition to the legislation.

Mr. YOUNG. Will the gentleman yield?

Mr. MONDELL. Yes.

Mr. YOUNG. Does the gentleman believe that it is fair to the owners of the present bonds issued by the banks to take hasty action to-night which may substantially reduce the value of those bonds?

Mr. MONDELL. No one believes that the action we are proposing to take to-night will have any injurious effect on the bonds.

Mr. YOUNG. I do.

Mr. MONDELL. The owners of those bonds think it least of all, but that is an appeal which they make to people who do not understand the situation. The trouble with these gentlemen is that having been given a special privilege they yield to the temptation that seems to surround all who have special privileges that they shall have full enjoyment of those privileges and that the Government shall not proceed with its business.

Mr. McFADDEN. Mr. Chairman, I move that all debate on the motion of the gentleman from Ohio do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the motion of the gentleman from Ohio [Mr. BEGG], to strike out the enacting clause.

The question was taken; and on a division (demanded by Mr. BEGG) there were 46 ayes and 73 noes.

So the motion to strike out the enacting clause was rejected.

The CHAIRMAN. The Clerk will report the amendment of the gentleman from North Dakota [Mr. BURTNESS].

The Clerk read as follows:

Page 9, line 5, after the word "mortgaged," strike out the balance of lines 5 and 6.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will proceed with the reading of the bill.

The Clerk read as follows:

SEC. 5. That section 15 of said act be amended to read as follows:

"SEC. 15. That whenever it shall appear to the Federal Farm Loan Board that national farm-loan associations have not been formed, or the local national farm-loan association fails, neglects, or refuses to serve properly the needs of its territory in any locality, said board may, after 30 days' notice to said associations, in its discretion, authorize Federal land banks to make loans in such territory on farm lands through agents approved by said board.

"Such loans shall be subject to the same conditions and restrictions as if the same were made through national farm-loan associations, and each borrower shall contribute 5 per cent of the amount of his loan to the capital of the Federal land bank, and shall become the owner of as much capital stock of the land bank as such contribution shall warrant.

"The Federal Farm Loan Board shall, by proper regulations, require each Federal land bank to maintain, out of earnings apportionable to stock required on loans made through agents, sufficient reserves to cover and pay delinquent payments on such class of loans.

"Shareholders in a Federal land bank under this provision shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of stock owned by them at the par value thereof, in addition to the amount paid in and represented by their shares.

"Such local agents shall serve at the pleasure of the bank and shall give surety bond for the faithful performance of their duties in such sums as the Federal Farm Loan Board shall prescribe and may collect from each borrower at the time the loan is closed such compensation as the Federal Farm Loan Board may approve, not exceeding 1 per cent of the amount of the loan made, with a minimum of \$5 per loan: *Provided*, That no such agent shall engage in making land-mortgage loans through or for any other land-mortgage company or association.

"Whenever any national farm-loan association, located in territory served by an agent appointed under the provisions of this section, shall by resolution declare its willingness to serve the prospective borrowers in such territory and transmits a copy of such resolution to the Federal Farm Loan Board, the Federal Farm Loan Board shall at once instruct the Federal land bank of that district to discontinue taking applications through agents in such territory and after completing the loans applied for through such agents up to that time, shall thereafter only make loans through the National Farm Loan Association in said territory so long as it continues to serve its territory properly.

"This amendment shall not operate to prejudice the rights nor impair the liabilities of any agent heretofore designated under the provision of the original section 15.

"Any borrower who acquires stock in the Federal land bank under the provisions of this section shall have one vote in all meetings of shareholders of the bank for each share of stock owned by such borrower not exceeding 20 votes and a like number of votes in the election of directors of such bank, such votes to be cast and canvassed in such manner as the Federal Farm Loan Board shall provide.

"Any 10 borrowers under this section whose loans aggregate not less than \$20,000 may at any time organize themselves into a national farm loan association by filing with the proper Federal land bank their articles of association as originally provided in section 7, and thereupon the stock held by such borrower in the Federal land bank shall be transferred to the association thus organized, and each borrower shall receive a corresponding amount of stock in such association. The stock of the bank and the stock of the association shall each be held subject to the same terms and conditions and the members thereof shall be entitled to the same rights and benefits as if the association had been originally organized under section 7 of this act."

With the following committee amendment:

Page 11, after the word "agent," in line 10, insert "or secretary-treasurer of a national farm-loan association."

The CHAIRMAN. The question is on the committee amendment.

Mr. A. P. NELSON. Mr. Chairman, I offer a substitute for the committee amendment.

The CHAIRMAN. Is it a substitute for the committee amendment in the bill?

Mr. A. P. NELSON. Yes.

The CHAIRMAN. The Clerk will report the substitute amendment.

The Clerk read as follows:

Page 11, line 12, after the word "loan," insert a comma and the words "eligible at a Federal land bank," so that the proviso will read that "no agent or secretary-treasurer of a national farm loan eligible at a Federal land bank shall engage in making land-mortgage loans through or for any other land mortgage company or association."

Mr. WINGO. That should be offered as an amendment to the committee amendment.

Mr. A. P. NELSON. Mr. Chairman, I think, on reflection, it is obvious why this amendment should be made. The language

is too restrictive and we want to have the very best secretary-treasurers, as well as the very best agents. There are several secretary-treasurers now acting for the associations who are also acting for other farm-mortgage associations. There are loans not eligible in the Federal land bank. In order that we shall be able to have the very best secretary-treasurer, as well as the very best agent, we provide that he may make loans for other associations or mortgage corporations, provided he does not make loans that are eligible for the Federal land bank without first offering such eligible loans to the Federal land bank.

Mr. BURTNESS. Will the gentleman yield?

Mr. A. P. NELSON. Yes.

Mr. BURTNESS. Would this committee amendment disqualify the cashiers of ordinary State banks to act as secretary-treasurers where such banks make ordinary real-estate loans?

Mr. A. P. NELSON. Not if he will first offer loans eligible for the land bank to the Federal land bank for which he acts as agent.

Mr. BURTNESS. If he is offered and makes for his bank any first-class mortgage loans for agricultural purposes and eligible for Federal farm bank loans then such cashier of the bank would be disqualified from acting as secretary-treasurer of the association?

Mr. A. P. NELSON. Yes; if he makes such eligible loans without first offering them to the Federal land bank.

Mr. BURTNESS. Did the committee recognize that some of the very best secretary-treasurers—and, I admit, some of the worst—are in fact executive officers of the banks in the small towns scattered all over the country and that by the committee amendment they could not continue to act as such? I concede the amendment of the gentleman from Wisconsin [Mr. NELSON] would help out the situation created by the committee amendment immensely, but I still doubt the wisdom of the qualification at all.

Mr. WINGO. The objection the gentleman offers was one that was offered to the committee amendment pending in the bill, but the further amendment which the gentleman from Wisconsin [Mr. A. P. NELSON] has offered will take care of the objection.

Mr. BEEDY. He says no.

Mr. WINGO. Oh, it will. We had gentlemen before the committee, one of them the president of a Federal land bank and one a local secretary-treasurer who would have been cut out by my original amendment, and they admitted that it would take care of the situation, because the proposal which was read at the Clerk's desk, in addition to that which is printed in italics in the bill, would make it provide that no agent making direct loans nor any local secretary-treasurer of a national farm-loan association could make loans that are eligible at the Federal land bank through a private mortgage company. But if such agent or secretary will give to the Federal land bank the applications for loans that are eligible under the Federal land-bank system, then I have no objection to his taking care of the other needs of the farmers by taking loans that are not eligible at a land bank to a private land loan company.

Mr. A. P. NELSON. This last amendment covers that question.

Mr. WINGO. Yes.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. A. P. NELSON. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There were no objection.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. A. P. NELSON. Yes.

Mr. BURTNESS. In this connection let me state that the suggestion made by the gentleman from Arkansas [Mr. WINGO] would be correct if he were absolutely certain that the Federal land-bank system could take care of all of the demands from that community, but if it is unable to take care of all of them, and that has been the history during the past two or three years, then there may be very serious question as to the advisability of disqualifying these men.

Mr. A. P. NELSON. Would it not naturally follow that if the loans are presented and are eligible and can not be taken care of, they would be taken care of in the other way?

Mr. BURTNESS. If the provision was that such loans would be first offered the Federal land banks, and if not accepted within a reasonable time then they might be placed elsewhere, I would see no objection to it.

Mr. McFADDEN. That is exactly what is proposed.

Mr. WINGO. Yes; and it will protect the association from being controlled by private land companies.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Wisconsin, which, without objection, the Clerk will again report.

There was no objection and the Clerk again reported the amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Wisconsin.

The amendment was agreed to.

Mr. HUSTED. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. ANDERSON. Mr. Chairman, I move to strike out the section.

The CHAIRMAN. The gentleman from Wisconsin moves to strike out the section.

Mr. McFADDEN. Mr. Chairman, pending that, I ask unanimous consent that debate upon this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that all debate upon the section and all amendments thereto close in 10 minutes. Is there objection?

Mr. JONES of Texas. Mr. Chairman, reserving the right to object, I would like to have five minutes, and that is the last that I shall ask.

Mr. McFADDEN. Mr. Chairman, I do not want to be discourteous to the gentleman, but I shall have to insist upon my request. I move that all debate upon the section and all amendments thereto close in 10 minutes.

The CHAIRMAN. The gentleman from Pennsylvania moves that all debate upon the section and all amendments thereto close in 10 minutes.

Mr. JONES of Texas. Mr. Chairman, I move to amend that by making it 15 minutes.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas to the motion of the gentleman from Pennsylvania.

The question was taken; and on a division (demanded by Mr. JONES of Texas) there were—ayes 46, noes 57.

So the amendment was rejected.

The CHAIRMAN. The question is now on the motion of the gentleman from Pennsylvania.

The motion was agreed to.

Mr. ANDERSON. Mr. Chairman and gentlemen of the House, this is the section about which there seems to have been most of the controversy this afternoon. I have not the time to go into it at length, but the question here apparently is whether we shall abandon the policy which we have heretofore established in connection with the farm-loan system and adopt an entirely new policy. We now have two kinds of land banks, and we propose here to establish two kinds of liability—one kind of liability on the part of those members of the farm-loan system, or the stockholders who are members of the farm-loan associations, and a different class of liability upon the part of those who obtain loans which are solicited by agents provided for in the section. A credit is not a thing that ought to be sold by agents. It is not a thing that ought to be easy. It is something that ought, for the most part, to be made difficult.

No man ought to have credit who is not prepared to demonstrate the necessity for it and the security of the risk, but when you start sending agents all over this country to solicit business for the farm-loan system, you are entering upon a policy which seems to me to be of very doubtful character. [Applause.] I believe that if the farmers of the country are ever to get any permanent relief from the situation that now confronts them, if they are to improve their relative welfare in comparison with the industrial worker of the country, if there is to be any restoration of the normal relationship between agriculture and the industrial purchasing power in this country, that restoration must in the last analysis come through farm organizations, through organization of production by cooperative effort. This bill in its original conception was based upon the idea of promoting among the agricultural people of the country the idea of cooperation.

I am willing to admit that the farm-loan system in the West has not been wholly successful, but I think that we take a backward step when we abandon the system of cooperative enterprise in the agricultural sections of the country and undertake to develop in its place a system of direct national solicitation and

direct national action. I am so much in earnest about this question, I am so thoroughly satisfied that the development of the United States agriculturally must depend upon the development of farm organization, of organization of production, of organization of farm marketing, upon cooperative organization, if you please, that I am unwilling to see this backward step taken in the administration of the farm-loan system. [Applause.] If I were at liberty to do so, I would like to yield to my friend from Texas, but I suppose I have not that right under the rule.

The CHAIRMAN. The gentleman can not yield time.

Mr. ANDERSON. I ask unanimous consent—how much time have I remaining?

The CHAIRMAN. The gentleman has one and a half minutes remaining.

Mr. STEVENSON. Will the gentleman yield for a question?

Mr. ANDERSON. Yes.

Mr. STEVENSON. This is the kind of a situation that occurs, and I want to know if the gentleman is opposed to our relieving that. Here is a farm-loan association in a county, 22 members; they have got their loans, everything is settled down. Here is a fellow who just lives in the same county, with a piece of land on which he has got a mortgage, and it has come due, and he wants to get the farm-loan association to take it up. He comes to that association—it is the only way he can get it—and they say: "Let him go on the block; Tom wants that land." Are we, because of some fancied idea of cooperative associations, to deny the loan to this man because—

Mr. ANDERSON. I think the gentleman has the reverse of the situation. Are we, because some man somewhere in the United States will not be able to get the benefit of this system, to try to take a step backward from the direction in which the clear development of agriculture of the Nation ought to proceed? [Applause.]

Mr. WINGO. Mr. Chairman, I rise in opposition to the amendment.

Mr. WOOD of Indiana. Mr. Chairman—

The CHAIRMAN. The time was fixed by a motion, and 10 minutes was provided for, 5 minutes of which has been used in favor of the motion. The gentleman from Arkansas is opposed to the motion, a member of the committee, and he is entitled to recognition.

Mr. WOOD of Indiana. Mr. Chairman, I understood in the division of time I was to have five minutes, and what I desire to say has particular application to this section.

The CHAIRMAN. The Chair understands that the gentleman from Indiana indicated his desire for recognition, but since the time was not fixed by unanimous consent but fixed by motion the ordinary rule must control, which is that a member of the committee desiring recognition in opposition to the motion is entitled to recognition.

Mr. WINGO. Mr. Chairman, in behalf of the committee I want to call attention to some things which the gentleman from Minnesota [Mr. ANDERSON] evidently overlooked. I think that it is not necessary that I should state my loyalty to the cooperative movement. Without intending to reflect upon the loyalty of the gentleman from Minnesota I suspect I have demonstrated my efforts in behalf of the cooperative movement among the farmers in a more practical way than he has since I have been a Member of this House.

Here is a situation that threatens your cooperative movement. Since the amendments that I have insisted upon have gone into this section, I will tell you what I believe it will do, and I will tell you why the joint-stock land banks fight us on that proposition. We found, to our amazement—not just in isolated instances; we found in a great many instances, and especially of late—that the private mortgage companies and the agents, in some instances, of joint-stock land banks were worming themselves into local cooperative associations as secretary-treasurers.

For what purpose were they doing it? For the purpose of throttling the local association, for the purpose of controlling its business, to delay action on the applications, and to make the farmers in the local cooperative associations get disheartened and tired of waiting, and then have them turn the loans over to the private mortgage company which they represent. This section, as we have now amended it, will enable the system to kick out of the offices of secretary-treasurer these disloyal secretary-treasurers who have done more than anything else to prevent the cooperative associations from functioning.

That is the reason why I am against the motion of the gentleman from Minnesota [Mr. ANDERSON] to strike it out, because I want to protect the cooperative spirit against the insidious control of the private agents of the private mortgage companies who have wormed themselves into these positions. Under this section they will be cut out, and no agent can be ap-

pointed to make a direct loan unless that association fails, neglects, or refuses to let its neighbors in to get the benefits of the act.

Is there a man on this floor who will stand up and say that he is willing to shut the door in the face of an honest farmer simply because his neighbors say, "We have got all our loans, and we will not even meet to pass upon your application"? I would give that man relief, and I think you can do it without destroying the cooperative spirit. This amendment will give some incentive to the local association to function, and it will take off the local cooperative association the dead hand of the private mortgage companies' agents who have prostituted those associations for their own private and selfish purposes. [Applause.]

Mr. MONDELL. Mr. Chairman, I ask unanimous consent that the gentleman from Indiana [Mr. Wood] may be allowed to proceed for five minutes, notwithstanding the limitation that has been imposed.

The CHAIRMAN. Is there objection to the request of the gentleman from Wyoming?

Mr. BLANTON. Mr. Chairman, reserving the right to object, I would not object at all if it were not for the rules of the House which have been put into force and effect here to-day, which prevent the gentleman from Wyoming from doing this. The gentleman knows he can not do that under the regular rules of the House.

A MEMBER. Regular order!

The CHAIRMAN. The regular order is, Is there objection?

Mr. BLANTON. I object.

Mr. FIELDS. Reserving the right to object, Mr. Chairman, these gentlemen have all spoken several times already in the Record.

Mr. McFADDEN. Mr. Chairman, how many minutes remain?

The CHAIRMAN. Two minutes.

Mr. McFADDEN. I yield that to the gentleman from Indiana.

The CHAIRMAN. The gentleman from Indiana has two minutes.

Mr. WOOD of Indiana. Mr. Chairman, there is one thing I want to call attention to. It is not peculiar to this bill alone, but it is characteristic of the vast majority of legislation that passes this House. Every Member of Congress at some time or other has inveighed against the tendency toward a bureaucratic form of Government. Now there is in this bill between lines 16 and 20 on page 10 a delegation to a board the power that this Congress ought to reserve to itself with reference to fixing a reserve. It is the duty of Congress to legislate. It is not the duty of Congress to delegate its power to legislate to a bureau.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. WOOD of Indiana. No; I can not yield. I have only two minutes.

I want to say to you that in every important piece of legislation that we pass here requiring administration in any of the departments we are delegating the power to legislate—the most important part of the law—to that division or department. It is bad on its face. It is destructive of our kind of Government. It is causing more criticism than has ever been had from any other source. We are constantly hearing on every side the statement that we are tending to a bureaucratic form of Government, and when we look at a statute to ascertain what are the rights under the law we find that we have given permission to administrative officers to fix legislation that is vital to that law. In all this legislation and all of other legislation of similar character it is the duty of Congress to legislate and refrain from abdicating its power in favor of the heads of these bureaus. [Applause.]

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Minnesota [Mr. ANDERSON]. The question was taken; and the Chairman announced that the yeas seemed to have it.

Mr. ANDERSON. Mr. Chairman, I ask for a division.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 59, noes 46.

Mr. STRONG of Kansas. Mr. Chairman, I ask for tellers.

The CHAIRMAN. The gentleman from Kansas asks for tellers.

Tellers were ordered, and the Chairman appointed Mr. McFADDEN and Mr. ANDERSON to act as tellers.

The committee again divided; and the tellers reported—ayes 75, noes 48.

So the amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk resumed and concluded the reading of the bill.

Mr. McFADDEN. Mr. Chairman, I move that the committee do now rise and report the bill and the amendments to the

House with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly, the committee rose; and the Speaker having resumed the chair, Mr. McARTHUR, chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the bill (H. R. 14270) to amend sections 3, 4, 9, 12, 15, 21, 22, and 25 of the act of Congress approved July 17, 1916, known as the Federal farm loan act, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. McFADDEN. Mr. Speaker, I move the previous question on the bill and all amendments thereto to the final passage or rejection.

The SPEAKER. The gentleman from Pennsylvania moves the previous question on the bill and amendments to the final passage or rejection.

The previous question was ordered.

SENATE BILLS REFERRED.

Under clause 2, Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 4308. An act to authorize the general accounting officers of the United States to allow credit to certain disbursing officers for payments of salary made on properly certified and approved vouchers; to the Committee on Claims.

S. 3084. An act to authorize and provide for the payment of the amounts expended in the construction of hangars and the maintenance of flying fields for the use of the Air Mail Service of the Post Office Department; to the Committee on Claims.

S. 3955. An act to compensate Lieut. L. D. Webb, United States Navy, for damages to household effects while being transported by Government conveyance; to the Committee on Claims.

S. 3973. An act to remit the duty on a carillon of bells to be imported for the House of Hope Church, St. Paul, Minn.; to the Committee on Ways and Means.

ENROLLED BILL AND JOINT RESOLUTION SIGNED.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled a bill and joint resolution of the following titles; when the Speaker signed the same:

H. J. Res. 418. Joint resolution authorizing the use of public parks, reservations, and other public spaces in the District of Columbia; and the use of tents, cots, hospital appliances, flags, and other decorations, property of the United States, by the Almas Temple, Washington, D. C., 1923 Shrine Committee (Inc.), and for other purposes.

H. R. 13351. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the Daughters of the American Revolution of the State of South Carolina the silver service which was used upon the battleship *South Carolina*.

The SPEAKER announced his signature to enrolled bills of following titles:

S. 3220. An act to amend sections 2, 5, 11, 12, 15, 19, 29, and 30 of the United States warehouse act, approved August 11, 1916; and

S. 2023. An act defining the crop failure in the production of wheat, rye, or oats by those who borrowed money from the Government of the United States in the years 1918 and 1919 for the purchase of wheat, rye, or oats for seed, and for other purposes.

DISTRICT OF COLUMBIA APPROPRIATIONS.

Mr. CRAMTON. Mr. Speaker, I desire to offer a conference report on the District of Columbia appropriation bill.

The SPEAKER. The gentleman from Michigan offers a conference report on a bill, which the Clerk will report.

Mr. CRAMTON. Mr. Speaker, if I may, I ask unanimous consent for its immediate consideration.

Mr. BLANTON. Oh, no; not to-night.

Mr. CRAMTON. Very well, for printing under the rule.

FEDERAL FARM LOAN ACT.

The SPEAKER. Is a separate vote demanded on any amendment reported from the Committee of the Whole?

Mr. STRONG of Kansas. Mr. Speaker, I demand a separate vote on the amendment to strike out section 5.

Mr. BEGG. Mr. Speaker, I make the point that there is no quorum present.

The SPEAKER. Will the gentleman withhold his point for a moment?

Mr. BEGG. Yes.

LEAVE TO WITHDRAW PAPERS—JOHN B. BUNTIN.

By unanimous consent, Mr. McARTHUR was given leave to withdraw from the files of the House, without leaving copies, the papers in the case of John B. Buntin (H. R. 1229), first session Sixty-third Congress, no adverse report having been made thereon.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted—
To Mr. CABLE, indefinitely, on account of sickness in his family.

SPEAKER PRO TEMPORE TO-MORROW.

The SPEAKER. The Chair designates the gentleman from Pennsylvania [Mr. BUTLER] to preside at the memorial exercises to-morrow.

ADJOURNMENT.

Mr. MONDELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 7 o'clock and 22 minutes p. m.) the House, under the previous order, adjourned until Sunday, February 18, 1923, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1010. A communication from the President of the United States, transmitting supplemental estimate of appropriation for the United States Veterans' Bureau for the fiscal year ending June 30, 1923, for military and naval insurance, \$13,235,000 (H. Doc. No. 592); to the Committee on Appropriations and ordered to be printed.

1011. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Treasury Department for the fiscal year ending June 30, 1923, amounting to \$186,250 (H. Doc. No. 593); to the Committee on Appropriations and ordered to be printed.

1012. A communication from the President of the United States, transmitting supplemental and deficiency estimates of appropriations for the Post Office Department, for special-delivery fees, fiscal year ending June 30, 1921, \$1.04; for compensation to postmasters, fiscal year ending June 30, 1922, \$50,682.24; and for car fare and bicycle allowance, fiscal year ending June 30, 1923, \$39,900; in all, \$90,583.28 (H. Doc. No. 594); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. S. 4235. An act granting consent of Congress to the Charlie Bridge Co. for construction of a bridge across Red River between Clay County, Tex., and Cotton County, Okla.; without amendment (Rept. No. 1631). Referred to the House Calendar.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H. R. 14268. A bill to authorize the county of Lee, in the State of Arkansas, to construct a bridge over the St. Francis River; with amendments (Rept. No. 1632). Referred to the House Calendar.

Mr. COLTON: Committee on the Public Lands. H. R. 10861. A bill to add certain lands to the Uinta National Forest, and for other purposes; without amendment (Rept. No. 1633). Referred to the Committee of the Whole House on the state of the Union.

Mr. KEARNS: Committee on Military Affairs. H. R. 14338. A bill to authorize the sale of certain Government property and authorizing an appropriation for permanent buildings and improvements for use of the engineering division of the Air Service of the Army; with amendments (Rept. No. 1640). Referred to the Committee of the Whole House on the state of the Union.

Mr. BROWN of Tennessee: Committee on the District of Columbia. H. R. 13237. A bill authorizing the closing of certain portions of Grant Road in the District of Columbia, and for other purposes; without amendment (Rept. No. 1641). Referred to the House Calendar.

Mr. JAMES: Committee on Military Affairs. H. J. Res. 442. A joint resolution to authorize the transportation to Porto Rico of a committee representing the Fourth Ohio Infantry, war with Spain; without amendment (Rept. No. 1643). Referred to the Committee of the Whole House on the state of the Union.

Mr. FAIRFIELD: Committee on the Census. S. 3757. An act authorizing the Department of Commerce to collect and publish additional cotton statistics and information; with amend-

ments (Rept. No. 1644). Referred to the Committee of the Whole House on the state of the Union.

Mr. RHODES: Committee on Mines and Mining. H. J. Res. 441. A joint resolution creating a joint commission, to be known as the joint commission of gold and silver inquiry, which shall consist of five Senators to be appointed by the President of the Senate, and five Representatives to be appointed by the Speaker; with amendments (Rept. No. 1645). Referred to the Committee of the Whole House on the state of the Union.

Mr. PARKER of New Jersey: Committee on Military Affairs. S. 1018. An act to amend an act entitled "An act to give indemnity for damages caused by American forces abroad," approved April 18, 1918; with an amendment (Rept. No. 1646). Referred to the Committee of the Whole House on the state of the Union.

Mr. MOORES of Indiana: Joint Select Committee on Disposition of Useless Executive Papers. H. Rept. No. 1630. A report on the sale of useless papers during the second session of the Sixty-seventh Congress. Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. REED of New York: Committee on War Claims. H. R. 7810. A bill for the relief of First Lieut. Frank J. Simmons, Quartermaster Corps, United States Army; without amendment (Rept. No. 1634). Referred to the Committee of the Whole House.

Mr. REED of New York: Committee on War Claims. S. 726. An act for the relief of George Emerson; without amendment (Rept. No. 1635). Referred to the Committee of the Whole House.

Mr. SNELL: Committee on War Claims. S. 1286. An act for the relief of Eli N. Sonnenstrahl; without amendment (Rept. No. 1636). Referred to the Committee of the Whole House.

Mr. REED of New York: Committee on War Claims. S. 1516. An act for the relief of Lewis W. Flaunlacher; with amendments (Rept. No. 1637). Referred to the Committee of the Whole House.

Mr. SNELL: Committee on War Claims. S. 3553. An act for the relief of the family of Lieut. Henry N. Fallon (retired); without amendment (Rept. No. 1638). Referred to the Committee of the Whole House.

Mr. SNELL: Committee on War Claims. S. 4313. An act for the payment of claims for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army; without amendment (Rept. No. 1639). Referred to the Committee of the Whole House.

Mr. FISHER: Committee on Military Affairs. H. R. 1859. A bill for the relief of Thomas J. Rose; without amendment (Rept. No. 1642). Referred to the Committee of the Whole House.

Mr. HULL: Committee on Military Affairs. H. R. 14082. A bill to authorize the Valley Transfer Railway Co., a corporation, to construct and operate a line of railway in and upon the Fort Snelling Military Reservation, in the State of Minnesota; with an amendment (Rept. No. 1647). Referred to the Committee of the Whole House.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. NEWTON of Minnesota: A bill (H. R. 14368) to authorize the county of Hennepin, in the State of Minnesota, to construct a bridge and approaches thereto across the Minnesota River at points suitable to the interests of navigation; to the Committee on Interstate and Foreign Commerce.

By Mr. FISH: A bill (H. R. 14369) authorizing the President to declare an embargo on coal; to the Committee on Interstate and Foreign Commerce.

By Mr. MacGREGOR: A bill (H. R. 14370) for the relief of distress in Germany; to the Committee on Banking and Currency.

By Mr. KNUTSON: A bill (H. R. 14371) to extend the benefits of certain pension laws to the officers, sailors, and marines on board the U. S. S. *Maine* when that vessel was wrecked in the harbor of Habana February 15, 1898, and to their widows and dependent relatives; to the Committee on Pensions.

By Mr. HARDY of Colorado: A bill (H. R. 14372) providing for charges against the general funds standing to the credit of the District of Columbia in the Federal Treasury; to the Committee on the District of Columbia.

By Mr. HERRICK: Joint resolution (H. J. Res. 452) authorizing and directing the President to immediately take vigor-

ous and drastic steps to enforce the collection of \$3,500,000,000 owed by the Government of France to the Government of the United States, with interest thereon from the time the United States advanced said sum to the Government of France until said sum is paid; to the Committee on Foreign Affairs.

By Mr. PORTER: Joint resolution (H. J. Res. 453) requesting the President to urge upon the governments of certain nations the immediate necessity of limiting the production of habit-forming narcotic drugs and the raw materials from which they are made to the amount actually required for strictly medicinal and scientific purposes; to the Committee on Foreign Affairs.

By Mr. VOLSTEAD: Resolution (H. Res. 537) for the consideration of bills reported from the Committee on the Judiciary; to the Committee on Rules.

Also, resolution (H. Res. 538) for the consideration of House bills 13927 and 12123; to the Committee on Rules.

By Mr. CURRY: A resolution (H. Res. 539) authorizing payment of one month's salary to the clerks to the late Hon. John I. Nolan; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHINDBLOM: A bill (H. R. 14373) granting a pension to Elizabeth Van Alstine; to the Committee on Invalid Pensions.

By Mr. CURRY: A bill (H. R. 14374) authorizing the President to reappoint Maj. Harry Walter Stephenson, United States Army (retired), to the position and rank of major, Coast Artillery Corps, in the United States Army; to the Committee on Military Affairs.

By Mr. FOCHT: A bill (H. R. 14375) authorizing the Secretary of War to donate to the town of Lewisburg, Pa., one German mortar, cannon, or fieldpiece; to the Committee on Military Affairs.

By Mr. HICKEY: A bill (H. R. 14376) granting a pension to Mahaley Franklin; to the Committee on Pensions.

Also, a bill (H. R. 14377) for the relief of Richard Hogan; to the Committee on Claims.

By Mr. HOCH: A bill (H. R. 14378) granting an increase of pension to Arminta Shinn; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7328. By the SPEAKER (by request): Petition of city of Chicago, favoring a bill to declare a part of the West Fork of the South Branch of the Chicago River nonnavigable; to the Committee on Interstate and Foreign Commerce.

7329. Also (by request), petition of William (Bob) Kennedy Post, No. 416, Veterans of Foreign Wars, New York City, N. Y., opposing any amendment to the present immigration law; to the Committee on Immigration and Naturalization.

7330. Also (by request), petition of William (Bob) Kennedy Post, No. 416, Veterans of Foreign Wars, New York City, N. Y., requesting the President to set aside a week to be known as national antidope week; to the Committee on Ways and Means.

7331. Also (by request), petition of William (Bob) Kennedy Post, No. 416, Veterans of Foreign Wars, New York City, N. Y., favoring House bill 1176, providing for the restoration to good standing of a veteran who is now in poor physical health through disabilities incurred in the service of the Government; to the Committee on Military Affairs.

7332. By Mr. ANSORGE: Petition of Dr. Joseph Broadman, New York City, urging Congress to take steps to prevent another European war; to the Committee on Foreign Affairs.

7333. Also, petition of the Harlem Board of Commerce, New York City, urging the establishment of a national police bureau; to the Committee on the Judiciary.

7334. Also, petition of Men's Temple Club of the Free Synagogue, Washington Heights, New York City, favoring the passage of the McCormick bill; to the Committee on the Judiciary.

7335. By Mr. CULLEN: Petition of the General Lafayette Police Post, American Legion, No. 460, State of New York, favoring the enactment of Senate bill 1565; to the Committee on Military Affairs.

7336. By Mr. DALLINGER: Petition of the Men's Club of the First Methodist Episcopal Church, of Medford, Mass., favoring legislation to prevent a recurrence of the present coal shortage; to the Committee on Interstate and Foreign Commerce.

7337. Also, petition of the Traffic Club of New England, favoring the passage of the ship subsidy bill; to the Committee on the Merchant Marine and Fisheries.

7338. By Mr. DARROW: Petition of the executive committee of the board of trustees of the Drexel Institute, of Philadelphia, Pa., protesting against section 6 of the copyright bill (H. R. 11476); to the Committee on Patents.

7339. By Mr. FROTHINGHAM: Petition of Traffic Club of New England, urging support of the so-called ship subsidy bill; to the Committee on the Merchant Marine and Fisheries.

7340. By Mr. GALLIVAN: Petition of 23 members of North Shore Garden Club, Massachusetts, favoring Senate bill 4062, for the comprehensive development of the park and playground system of Washington; to the Committee on the District of Columbia.

7341. Also, petition of various organizations of Federal employees, favoring House bill 14226, providing compensation for United States employees injured in the performance of their duties; to the Committee on the Judiciary.

7342. By Mr. KIESS: Petition of Excelsior Council, No. 4, Sons and Daughters of Liberty, of Williamsport, Pa., relative to immigration legislation; to the Committee on Immigration and Naturalization.

7343. By Mr. KISSEL: Petition of Paul J. Christian, representing New Orleans Cotton Exchange, Washington, D. C., approving the trading in cotton futures; to the Committee on Agriculture.

7344. Also, petition of Illinois Manufacturers' Association, Chicago, Ill., opposing cancellation of foreign war debts; to the Committee on Foreign Affairs.

7345. Also, petition of Syracuse Branch, Railway Mail Association, Syracuse, N. Y., favoring House bill 13136 providing for voluntary retirement after 30 years of service; to the Committee on the Post Office and Post Roads.

7346. By Mr. KRAUS: Petition of J. C. Werner and other citizens of Pulaski County, Ind., in relation to House Joint Resolution 412; to the Committee on Foreign Affairs.

7347. By Mr. LEA of California: Petition of 22 residents of Colusa County, Calif., favoring abolition of tax on small-arms ammunition and firearms; to the Committee on Ways and Means.

7348. By Mr. RAINEY of Illinois: Petition of Medinah Temple, urging the President to set aside a week to be known as national antinarcotic week; to the Committee on Ways and Means.

HOUSE OF REPRESENTATIVES.

SUNDAY, February 18, 1923.

The House met at 12 o'clock noon.

Rev. William B. Waller, of Washington, D. C., offered the following prayer:

Almighty God, our Heavenly Father, we thank Thee that we may approach Thee confidently this morning; that we need not appease or propitiate Thee, but may trust Thee; that we need not comprehend Thee, but may accept Thee; that Thou art waiting to be gracious. Command Thy blessing upon us as Thou seest we may need at this time. Comfort those that mourn, give unto them that beseech Thee the realization that the everlasting arms of the Heavenly Father are round about them. We pray for all who are in distress everywhere. Let them realize the sympathy of the Lord Jesus Christ, who wept by the side of the grave of Lazarus and is willing to mingle his tears with ours and to speak words of resurrection, hope, and comfort. Guard and bless all of us, we pray Thee. Fit us for all the privileges and responsibilities for which Thou dost summon us. Let the blessing of the Sabbath rest upon our President, upon the Congress, upon all in authority in our land, that we may be a people whose God is the Lord. Bless us as we meet to pay tribute to the memory of our distinguished dead who have served well in their day and generation. And at last, when we are done serving Thee here below, receive us into glory with all the loved ones who have gone before, and with all the redeemed of God, and we will praise Thee, Father, Son, and Spirit, in a world without end. Amen.

THE JOURNAL.

Mr. CRAGO. Mr. Speaker, I ask unanimous consent that the reading of the Journal may be postponed until to-morrow.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that the reading of the Journal be postponed until to-morrow. Is there objection?

There was no objection.